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NEW INTERIOR MINISTER INTERVIEWED ON POLICE POLICIES

Cairo UKTUBAR in Arabic No 405, 29 Jul 84 pp 28-30

[Interview with Minister of Interior Ahmad Rushdi by Ahmad Mustafa in Cairo: "Yes--I Am Very Strict; There Must be a Return of Discipline to the Egyptian Street"; date not specified]

[Excerpts] I met with the minister at 1 am in his office in the ministry after he had finished his meetings with some of the senior officials of the ministry and members of the Higher Police Council in which he asked them to expedite the completion of the preparation of the transfer and promotion schedule for police officers with due regard to the latters' welfare and before the beginning of the academic year in the schools and universities.

The minister told the members of the Higher Police Council: "It is not my aim or one of my interests to change the commands or transfer any officer from his post or from one town to another. I am solely concerned with looking out for the public interest in preparing the general schedule for officer transfers."

I began my conversation with the minister saying: "Some foreign broadcasts and newspapers have said that you were chosen for the post of minister of the interior because you were known to be a 'tough policeman.' That was clearly shown to be the case when you were director of security for Cairo. What is your opinion?"

[Answer] Yes, I am very tough. That is because in governing my actions my conscience is moved by what is pleasing to God and does not swerve from the truth, from paying attention to the welfare of the state, and from applying the law so that each citizen gets his due and gives Egypt its due. This is always the principle and the procedure on which I operate.

[Question] Would, then, you operate as minister of the interior the way you did when you were Director of Security for Cairo with respect to maintaining order in the streets of Egypt?

[Answer] Yes. But I shall be even more concerned with the job of maintaining order in the streets of Egypt, where many excesses have been committed by some citizens who have failed to make a distinction between freedom

and anarchy, order and heedlessness, carefulness and recklessness, and regard for their rights and disregard for the interests of the state. There is no doubt that all of these actions and excesses have repercussions on the security and the life of the citizens and on the public image of the state, which always must appear to be in command to the foreigners living in Egypt and to the tourists who come to visit a great and ancient country with a history on which it prides itself among the nations of the world.

[Question] As a well-disciplined policeman, what do you have to say regarding the loss of respect for the policeman in the streets of Egypt? Also, what is your comment on the picture of the policeman that appears in some old films and plays where he shouts at the top of his voice at night: "Who's there?"

[Answer] With regard to the first part of the question I should like to say that respect for the policeman is something we must do all we can to achieve, because it means order and discipline. This makes it possible to enforce the rule of law that brings about security and peace of mind for every citizen.

As for the picture of the policeman in old films and plays, that refers to the earnest, alert man who spends sleepless nights guarding the citizens' lives. I say that the system in effect at the present time considers more than in the past. For example, there are night patrols by police officers and investigators who go around all the quarters and streets of Cairo in their patrol cars, and they do the same in the cities throughout Egypt. There are also pairs of constables patrolling each street instead of only one constable.

The above is in addition to the ongoing "traps" operated each night by the traffic police to check cars' registrations and drivers' licenses. These "traps" have demonstrated their effectiveness in apprehending many stolen cars as well as many young people driving cars without drivers' licenses.

[Question] Can it be said that security in Egypt is completely normal when we are aware that there are religious groups that might not be bound by what is lawful and that there is no indication that these extremist groups or other organizations have disappeared?

[Answer] I can state positively that there is completely normal stability and security. But there will be even more security, stability, quiet, and peace of mind and a broad smile of hope in the future when the program for bringing order to the streets of Egypt is put into effect.

As for the attempt of certain groups or organizations to overstep the bounds of what is legitimate and the law, I state in all candor and with all clarity that the police apparatus will resist with the utmost determination any attempts of this nature to disrupt security and stability or threaten the lives of the citizens.

[Question] There was a time when the minister of the interior was a civilian and not an officer. Do you think that the minister of the interior has to be a police officer, or could he be anyone else?

[Answer] There is no doubt that it is preferable for the minister of the interior to be from the police, because he has graduated from the same college as the officers with whom he deals in all agencies of the police, in some or many of which he previously worked and thus had experienced the same problems as they did and the same conditions that they all had lived through. For example, when an officer submits a complaint or claims that he has been wronged the minister takes into consideration the circumstances that he previously had experienced when he was a junior officer. This is in contrast to what would happen if the minister were a civilian.

[Question] Can you tell me who the ideal minister of the interior is?

[Answer] First of all, I should like to say to you that perfection is a property of God alone and there is no perfect human being on the face of the earth. But as to the ideal minister, I believe that he is a man who carries out his duty within the "framework of the department" in a trustworthy and honest manner, has an alert mind, is mindful of God in his conduct, and works to relieve the citizenry of any cause for worry.

[Question] What are the services that you think that the police expect you to perform for them?

[Answer] There is no doubt that the members of the police are spending a great deal of time and effort and are making many sacrifices to carry out their great mission and they give their lives in the cause of stability, security and combating crime 24 hours a day.

I believe that they always are aware that their leaders care for them and provide them with all the appropriate means for carrying out their duties with ease, facility, and confidence.

[Question] What are the most important goals of the nation or country that you are endeavoring to achieve?

[Answer] There is no doubt that for any citizen the most important objective of the homeland or the nation is Egypt. By this I mean that the status of Egypt should always and perpetually remain high among the nations of the world and that the flag of Egypt should be raised gloriously, proudly, and victoriously thanks to our mighty armed forces.

From another point of view our most important objective is to support and strengthen relationships, trust, and friendship between the citizenry and the police and between the police and the citizenry so that each citizen living on Egyptian soil feels that the policeman is really his friend and sincerely works to put him at ease whether in the street or in the home. For the policeman is just a "father," etc. or uncle, or relative within a small family all of which works for Egypt.

[Question] Do you have any clear explanation of why a large number of young people take to using drugs and why some others become addicted to the use of the needle or narcotic pills? And where do these drugs come from?

[Answer] I believe that the main reason for the use of drugs by young people is leisure time and their not being made sufficiently aware of the serious damage suffered by the drug user or addict. If any young person wants to know the dangers of using drugs I advise him to visit the hospital for the insane in Al 'Abbasiyah or some other health facility that treats drug addicts.

I should like to say that it is a patriotic duty of all the information media, including the films shown in movie houses and the TV shows and serials, to offer an antidote to this problem. I believe that the National Criminal Investigation Center in Imbabah possesses many studies made by scientists and specialists in this field. Anyone working in the media or the writers of screen or television plays or serials can go there and make use of these important studies.

With respect to the exporter or the quarter from which such dangerous poisons come, some big drug dealers are engaged in smuggling them either by sea or by way of the desert.

There is no doubt that the frontier-guard personnel of the armed forces and the General Anti-Narcotics Bureau in the Ministry of the Interior are fully on the alert to resist and combat smuggling operations. All of the citizenry probably have read in the papers about the huge quantities that are seized from time to time coming in by sea or via the desert.

There are other agencies for combating the means of disseminating drugs inside of Egypt. This work is done by anti-narcotics bureaus and sections of the police in security departments dispersed throughout all the governorates.

[Question] Do you think that there should be increased acceptance of young women into the police system following the graduation of the first class of female police officers from the academy? Must their activity be restricted in one field or in all fields?

[Answer] The acceptance of young women into the police system marks a new order for the Egyptian police. There is no doubt that this experiment will be evaluated so that we can develop a sound and realistic opinion regarding the making of experiments such as this one in the future.

As to the fields where the female police officers can operate, they must be limited to ones that are consonant with the circumstances of Egypt's society and our customs and traditions.

[Question] It has been noticed that there is a large number of police constables who are educationally inferior and that some of them are illiterate. Is this because the pay is so poor that it does not tempt any citizen to volunteer or accept work in the police? Is there any hope of raising their pay?

[Answer] Steps have in fact been taken to eradicate illiteracy among the policemen and to raise their cultural level.

EGYPT

JOINT PEACE INITIATIVE WITH FRANCE PREDICTED

Paris AL-MUSTAQBAL in Arabic No 390, 11 Aug 84 pp 30-31

[Article by Ghassan Bayram: "Egypt Returns to the Arabs via a Franco European Bridge"]

[Text] Israel's rejection of the Soviet proposal calling for an international Middle East peace conference was among the last decisions made by the government of Yitzhak Shamir in this transition stage in which it is conducting state business while awaiting the advent of a new government in the wake of the Knesset elections that recently were held.

In Israeli tradition it is impossible for any government in such a transition stage to make any big political decision that might result in imposing political, military, or even economic obligations on the incoming government. The only exception is when there is agreement to do so between the existing government and its opponents who are preparing to form a new government. This is what makes it clear that there is no Israeli difference of opinion regarding the rejection of the international conference formula similar to the Geneva one and that there is a fixed position regardless of whether it is Likud or the Labor Party that is in power.

Thus it was not necessary for the U.S. to agree with Israel to reject the Soviet proposal and issue the two rejections at the same time and with the same explanation. But opinions and reactions in some international and Arab circles, as diplomatic reports have reflected, have had different explanations for their getting together and agreeing to reject it.

Some views say that the understanding between Washington and Tel Aviv in this matter was an automatic manifestation of the strategic agreement between them that rejects the return of Soviet influence to the Middle East, especially through the USSR's taking part in a comprehensive settlement of the Arab-Israeli conflict.

However, two other commentors thought that it was unlikely that this joint rejection was a strategic one on the part of the two parties. One of the reports said that the American rejection was made out of regard for an Israeli stand that rejects this international formula as long as it provides for a role for the PLO and permits it to take part in this international conference on an equal footing with the other regional parties concerned with

the problem of the conflict such as Israel and the other Arab states that are contiguous to it. This is because President Reagan's administration is eager at the present time to avoid getting involved with any conflicts or disputes with Israel that might have repercussions on the election. The third interpretation, on the other hand, considers that the problem still is one of exchanging political services and of their avoiding situations that might make difficulty for either of them during this delicate period that is difficult for both the Reagan administration and the outgoing Shamir government, both of which are in an unstable position between remaining and leaving.

But in any case these explanations are bound to have deleterious effects on all the current attempts and activities that have been going on up to the present and that are aiming at setting the stage for a new attack on the Middle East crisis and the Arab-Israeli conflict with a new peace plan or new peace plans that would attempt to impose certain solutions on the parties concerned, particularly the ones in the region.

A few weeks after the brief visit that French President Francois Mitterand made to a limited number of key states in the Middle East crisis and to Jordan and Egypt in particular, the luminaries that some diplomatic circles were controlling tried to make out that this visit was one of the most important current attempts not only to set a new stage for the Middle East peace game, but also to prepare the international and regional stars who would have major roles in the new peace activity expected to appear in 1985. It is an activity whose program and plan of action have not yet become clear with regard to the actions of the powers in the conflict. Some of the latter, in the current tug-of-war are trying to impose the approach calling for a return to the Geneva formula, which is what the Soviet proposal calls for and espouses, while others try to continue to adhere to the Camp David formula, or a policy of bilateral solutions between the powers that are parties to the conflict, which is the formula committed to the continued isolation of the Soviets and the rejection of any principal role for them in this activity.

These diplomatic luminaries by no means underestimate the importance of the new Soviet movement that in effect has begun to operate in the area of preparing the stage and the stars and attempting to allocate the roles.

But observers by no means put the Soviet movement on a par with the French one, for the information available to them places the French movement and the Soviet one on opposing sides despite the attempts contained in the French movement that include a desire to arrive at a balanced formula that would try to reconcile the Geneva formula with that of Camp David in the initial stages. In these stages it is anticipated that Egypt, as an Arab power, along with France as a European power, and in accord with the U.S., would play a principal and prominent role.

Steps have been taken to prepare Egypt to play the role as a party that is acceptable both internationally and to the Arabs. Egypt, for its part, has begun to prepare itself for this role on more than one level.

The diplomatic sources do not separate this Egyptian preparation from the step taken by Egypt to restore its diplomatic relations with the USSR along with a great readiness to strengthen these relations and move them once again in the direction of cooperation and agreement.

There is no doubt that the restoration of the severed relations between Egypt and the USSR will have a great effect on:

1. Enabling Egypt once again to play a role of international dimensions in attempts to reach a peaceful settlement of the Middle East crisis and its core, the Arab-Israeli conflict. It is a role that will be acceptable internationally after the restoration of Soviet-Egypt relations.
2. This will be of great help in solving many difficult problems that continue to govern Egyptian-Arab relations and constitute a stumbling-block on the road to the restoration of Egyptian-Arab relations and Egypt's gradual resumption of its role in the Arab world and in Arab affairs.

However, there still is doubt as to how much truth there is in the Western view, which is accepted by and concurred in by some of the Arabs, that to the extent to which Egypt is able to regain its Arab status and role, the role of the other Arab states will diminish. At the present time this is a great and effective obstacle in any peace attempt that the region might witness in the upcoming stage.

Despite this, the choice of Arab Egypt along with European France to form a basic duo in the scenario of the new peace game in the Middle East is based, among other things, on this concept as a basis that certain Arab states both covertly and openly are trying to establish and adopt.

But the resumption of Egyptian-Soviet relations has begun to have a positive effect in creating a new atmosphere for the future of Egyptian relations. Even if it does not happen with all the Arabs at once, at least it will happen with some of the more rigid ones even if they have some reservations, as is happening at present between Egypt and Libya or between Egypt and Syria through the medium of indirect talks. In order for all of this atmosphere to continue and deepen, Egyptian President Husni Mubarak and his new government will not be in a hurry at present to return the Egyptian ambassador to Tel Aviv, for the Egyptian position has become tougher in rejecting Israeli policies, whether with regard to Lebanon or the future of the West Bank and Gaza.

Within this framework and on this level the work of preparing Egypt for its new role in peace plans that are expected to be drawn up for the Middle East crisis does not detract from the importance of what has been and is being done by French President Mitterand to play a historic role acceptable to both the East and the West in bringing peace to the Middle East. In this context those who follow this movement have not failed to notice two steps that the French president has taken with regard to this role, which are:

An international step. His visit to the USSR was an attempt to get Moscow's blessing for his playing this role in certain of the production's scenes.

A domestic step. By changing his government and forming a new one he removed from it his historical ally, the French Communist Party. He did this in order to free himself from any domestic restraints that might hinder the Middle East movement at any stage and in order to have greater freedom of movement. He then placated the French Jews in forming his new government in order to guarantee their domestic support for any position that he might take to put pressure on Israel and move to impose concessions on it to facilitate the peace process, particularly with regard to the position vis-a-vis the West Bank and Gaza.

What was new in scale and consideration was that on his Middle Eastern tour the French president visited the moderate parties that have a role in the Jordanian option, or the return of the West Bank and Gaza through Israeli-Jordanian negotiations with the agreement of the PLO, but he did not visit Syria and Israel. This reveals the secret that the West, particularly the French, is betting that the Labor Party will come to power in Israel because it represents the Israeli trend that is prepared to accept this Jordanian option, disregarding the present results of the Israeli election and the extent to which these results have influenced the nature of the composition of the regime in Israel and its capacity to make decisions.

Diplomatic reports emanating from Paris following Mitterand's Middle Eastern tour have tried as hard as possible to reflect the importance the French have attached to President Mitterand's talks with Egyptian President Husni Mubarak and to portray them as constituting the cornerstone of Mitterand's tour and his objectives.

These reports have stressed that the Mitterand-Mubarak talks resulted in complete mutual understanding in two working papers on peace between the Arabs and Israel:

The first paper: The choice of the UN as the framework for presenting the Middle East peace issue and a proposal to hold an international conference, or the Geneva formula, with the participation of the U.S., the USSR and Europe and with the presence of the parties to the Arab-Israeli conflict and the UN Secretary General.

The second paper: An American-European undertaking to hold a peace conference to settle the Arab-Israeli dispute.

These reports say that Mitterand and Mubarak reached an understanding on the allotment of roles between their two countries in this scenario. In the light of this understanding it is expected that next December Egypt and France will lay before the UN a joint plan calling for the holding of a peace conference to put an end to the Arab-Israeli dispute. The framework of this plan is inspired by the formula of the 1974 Geneva meetings between the Arabs and Israel that had begun but then had ceased.

The reports add that if international agreement to this draft proposal fails to materialize, there will be a basic change in orientation whereby activity will shift to another direction--that of an understanding between the U.S.

and the European Common Market countries jointly to embark on a peace conference that would be close to the Camp David formula and would be named after Paris or some other French city because of the central role that the French president is determined to play in order to achieve a peaceful settlement of the problem of the Arab-Israel conflict.

The things that are written down in the dossiers await favorable circumstances--international, Middle-Eastern, Israeli, and Arab--to make it possible to carry them out on the ground to a great extent. If such circumstances do not materialize the proposed year 1985, instead of being the one when peace began in the Middle East, will be just another one of those years during which this historic, chronic conflict has dragged on.

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ROLE OF BANKS REGARDING NATIONAL INVESTMENT POLICIES EXAMINED

London AL-AHRAM: AL-TAB'AH AL-DUWALIYAH in Arabic 16 Sep 84 p 9

[Article by Midhat Hasanayn: "What Do We Want from the Banks?"]

[Text] When banks in Egypt were permitted to conduct their affairs according to the Investments Law, the intent of the economic legislator as to the expected role of the new banks was not clear at the time, aside from their being instruments for attracting savings. It definitely was not expected that they would have a clear and well-defined role in long-term financing, i.e., loans of more than 5 years, these being the loans that are required for both new investment projects and ongoing ones needing new expansion. Otherwise the law would not have permitted banks and branches of foreign banks to be established with capital ranging from 3 to 5 million Egyptian pounds.

The important point here is that these banks were intended to be strictly commercial, accepting short term deposits and accounts and granting loans for short-term goals, such as financing domestic and foreign trade and the current requirements of projects such as working capital. During the period of the economic open-door policy Egypt gave free rein to a segment of our national economy to import and trade in what it pleased with very minimal supervision. Meanwhile the public sector represented another segment, the majority, which was confined and restricted and precluded from dealing with the new banks. Some of the escaped in the form of investment companies and joint companies and some of them remained prisoner to these restrictions.

The number of these banks grew, reaching 82 commercial banks, 40 investment banks, 5 specialty banks, 3 banks in the free zones and 38 representative offices for banks operating in Egypt. So we now have 127 banks leaving aside the representative offices, with total assets of 32 billion Egyptian pounds.

The question is: How much of this revenue has been reserved for investment financing (both middle and long-term) and how much of this revenue has been used by the banks to participate in capital for new or ongoing projects? All the evidence indicates that the capital reserved by banks for this kind of financing is less than would be possible, and less than their theoretical capacity, i.e., what the banks could manage for investment financing without using their own revenue.

The trade and services sector flourished in the years of the open-door policy, at the expense of the commodities sectors (industrial and agricultural). The trade sector, whether domestic or foreign, depends on the banks for its financing and the banks provide it with short-term credit. The period of this kind of loan does not exceed 6 months. The shorter the average turnover of the loans, the faster and higher the return for the bank. Under pressure of the fast and high return, the banks have taken an interest in this kind of financing, and sought and even promoted it. The prevailing slogan among businessmen at that time was: "This is the banks' money." Indeed it is said that the banks themselves brought to the market a kind of businessman who has no connection with trade at all. When things happened to some of these businessmen, the banks were the first to be blamed and cursed. In light of these circumstances, who [among bankers] would look for long-term financing, with all its risks, and why, as long as profits are high, and the bank stockholders welcome these huge profits at their annual stockholders' meetings?

Some of the banks that have dealt with the investment market since their founding, like the Egypt-Iran Bank, and the Arab Investment Bank, have had bitter experiences in every project they have adopted and in every sector without exception. From the time that a project is born as an idea, to its transformation into a study, to its birth and encounter with the practical world, until it starts producing and being profitable--every stage is continuous, laborious effort. The effort of reports and calculations, the domination of red tape and procedures over rationality, changes in laws and legislation, the variety of jurisdictions, society's view toward open-door projects, and any of a number of other factors that are enough to get any official dismissed from these banks. How could an official stand up and defend the results of his actions before his stockholders? What official in a commercial bank would dare mention "investment financing" or "investment projects" before his stockholders?

Many doors to fast profits have opened before the banks. The most important of these doors is currency management, for with the flourishing of importation without currency conversion, and the laxness of the supervision of financial authorities over the methods of managing this currency, some banks have found in currency management a way to increase their profits. One piaster on every dollar that the bank mediates between the buyer and the seller will bring it more than five times the return that it could realize on an investment project. Why would we bother with investment projects and the worries associated with them?

The savings behavior of the new groups that have become wealthy from trade and services has not helped the banks mobilize savings on the national level. The newly rich do not like to save, and do not make an effort to do so. Rather, they love unrestrained consumption and spending on consumer goods, especially with respect to spending on food. It seems that many of the usual economic laws, like Engel's Law, which says that the higher an individual's income, the smaller the percentage of it that he devotes to food, do not apply to the new groups (see for example the quantity of sheep and rice that are consumed on the 'Id al-Adha festival). There is no doubt that this has had an effect on the

ability of the banks to provide the necessary liquidity for projects. The figure of 32 billion is not considered very high, because in other circumstances, it would be possible for these banks to have twice that figure.

If this is the banks' situation, then what do we want from them? The minister of economy was clear about the state's conception of the role of the banks in the coming period. He said that we have passed from the stage of knowing what we should not do to the stage of knowing what we should do. There is no doubt that this is the beginning in the vision of the future. If this is the desire of the state, then we think that the monetary policies will commit its facilities to serve this goal. If I were a banker, I would request that the minister of economy revise the percentage of deposits reserved for middle- and long-term loans (returning to a figure of 75 percent rather than 65 percent); that he revise the restrictions on the percentage to which the banks may participate in project capital; that he revise the restrictions on opening new branches; that he review the possibility of reducing the rate of interest to correspond to economic conditions; that he review the possibility of the banks becoming involved as buyers and sellers of foreign currencies according to true supply and demand. I would request that the vice-president of the General Investment Organization prevent his organization from entering into the smallest details of every project proposed to it; that he revise the standards by which the projects are judged; that he support his technical departments with economic and financial experts in order to regain the balance between the legal and economic departments of the organization. I would request that he adopt the point of view of the investor vis-a-vis government departments, as long as he has found it convincing; that he spare the banks and their clients who are investors from having to rush around breathlessly to meet the demands of the numerous government departments by establishing a new section in the organization known as Investment Service; that he prepare investment charts at the governorate level that include not only the locations, but also the kind of projects needed. I would request that the minister of planning deal with international financing to serve and complement domestic financing, i.e., international financing would not be made available for only one specific project, but rather for a project that would be a link in a chain of projects that would serve to mobilize domestic financial resources. If foreign financing is available, then a project has a path linking two countries, and it would be possible to use this financing to set up another path that would open up the way to new investment territory, and this would be more advantageous from a national point of view. I would request that the minister of agriculture establish in his ministry a new section called Private Investment in Agriculture, whose function would be to specialize in generating new ideas that could be developed into projects to raise agricultural productivity and increase food production. This department would be a link between departments of the Ministry of Agriculture and the General Investment Organization in everything pertaining to agricultural development.

I would request that the minister of industry turn the General Industrialization Organization into an agency to serve the investor; that he combine with it the information center that is supposed to be established in the ministry; that the Organization take responsibility for formulating industrial strategies generally and by sectors; that he take another step in turning these strategies into a schedule of investment projects needed in industry; that he

think carefully about the current idea of turning the Organization into an office for studies and investments. As we know, the investment business has its own character and style that government departments cannot achieve. The General Industrialization Organization has had numerous successful experiences, of which I could mention the experiences of the layered glass project. If only this experience were repeated.

I would request that the minister of finance exempt stock profits according to prevailing interest rates.

What do the banks want from their association? They want their association to be a link between the banks and the government. Judging by the number of ministers who attended the conference, the association's word carries some weight. The association has had a successful experience in selecting this number of projects that were presented to the members of the association. But this is not enough. The banks want another step from the association--the preparation of projects selected to receive financing. Some of the banks may have departments that are capable of preparing projects and presenting them for financing, but the association still has a role to play for the banks that do not have such departments.

We recommend that the association establish a fund for the benefit of member banks in the association. The revenue of this fund would be allocated to search for new projects and to have feasibility studies prepared by specialized investment offices. When the studies are completed they would be presented to the banks for financing.

We recommend that the financing granted to the fund be 2 million Egyptian pounds, with the General Investment Organization contributing 25 percent and the banks 75 percent. If we have 127 banks, and if every bank contributed between 10,000 and 20,000 Egyptian pounds, it would be possible to raise the needed financing.

We want the banks truly to play the role of mediator between the saver and the investor. This requires thinking up new methods for encouraging saving and raising financing for investors. It would be possible to issue bonds to finance specific projects. These bonds would be guaranteed by the banks, and offered to the saving public at interest rates .5 percent higher than the prevailing market rates. They would be long-term and negotiable. The true cost of the loan to the investor would be less than a direct loan from the banks by a margin not less than 2 percent. It would be possible to offer bonds that can be converted into stock, and the banks could play the role of guarantors of the stocks offered. One of the most important reasons for the success of any project is the presence of a bank at the head of the participants or lenders.

We want the banks to begin in earnest to build departments for investment and not be content with credit departments, because the two departments must be separated within the banks. We want management to understand that the process of arranging and financing projects is a science with its own principles and specialities. They must look for specialized cadres, developed through training here and abroad and by contact with the investment market. Without these departments there is no point to the feasibility studies prepared by the

association. However serious these studies might be, the banks still carry the responsibility for approving or rejecting the financing of the projects presented to them.

We want the banks to play the role of the businessman. It is said that we are looking for the Egyptian businessman, and that for a long time no second Tal'at Harb has appeared. Consequently, the banks should wait until a business class appears in Egypt. In our opinion, this is a conception that brings us back to the beginning of world capitalism. The businessman in the traditional sense has disappeared completely. The businssman has become a group of technocrats who constitute an organization, and it is this organization that carries out the role of the businessman. It is not the perception of one man that supervises and controls and sets things in motion. Opening up new areas, introducing new projects--these are all things that take the participation of specialists in marketing, operations studies, engineering, accounting, administration and economics. These are all businessmen in the modern sense.

12727
CSO: 4504/471

EXPORT DEVELOPMENT CENTER REORGANIZED

Cairo AL-AHRAM AL-IQTISADI in Arabic No 817, 10 Sep 84 p 9

[Article: "New Role for the Export Development Center; Supporting Export Activity and Acting as Link for Producers, Exporters, Foreign Markets"]

[Text] The Export Development Center began implementing a project to reorganize the center and to develop it so that it includes a number of technical departments to stimulate exports and to establish a fund to aid exporters. This is in addition to the center's undertaking to be a link between exporters and foreign markets and thus tying the producer to export business. This was concluded on the basis of a study carried out by the International Commerce Center in Geneva and the International Bank in cooperation with a number of experts from the Export Development Center. Dr Faruq Shuqayr, director of the center, stated that the new system seeks to convert the center into an effective instrument for the development of Egyptian exports by way of reorganizing the work of specific departments such that a connection is created between the role of research, distribution and export service in one agenda. The International Bank began its study to evaluate the circumstances of the center last September upon the request of the minister of the economy. A delegation from the Bank and from the International Commerce Center came to the center and spent 2 weeks conducting their study of the present structure of the center. On the basis of this a complete evaluation concerning the development of the center was prepared for the minister of the economy in which was recommended the creation of a new framework for the different offices to link the producer and the foreign market and to create new offices for specialized research seeking to support export activity in light of the fact that the Export Development Center is the only body able to assess the export sector. The foreign commercial companies and the foreign commercial sector are still unable to fulfill this role due to the nature of the activity of its companies which dedicate 91 percent of their activity to imports and confine exports to only 9 percent.

The Center will also begin to reorganize the commercial information office and to man it with the requisite personnel. The delegation also suggested seeking the help of international experts in the field of exportation. Implementation of the plan will cost \$2.5 million per year, of which \$1.5 million amounts to the annual local cost in the form of support of the financial conditions in the center and support for the use of local personnel. As for the second part, it contains the foreign cost to cover the use of

international experts and to train the special personnel of the center abroad at an annual cost of about \$1 million. The development program will encompass a period of about 3 years, after which the center will be at a level from which it can undertake a positive role in stimulating Egyptian export activity with the aim of involving economic policies therein by way of turning towards exportation.

Concerning the new organization of the center Dr Shuqayr added that he had concluded an agreement concerning the formation of eight groups of researchers of which four are dedicated to agriculture products and the other four to industrial products. Each group is undertaking to gather information concerning the area of commodities, export capacities, and the problems and conditions of the production of commodities. They will also be undertaking to inform exporters about international markets by way of promotional delegations and by linking the exporter to these markets by preparing all the necessary information about these markets, thus becoming a connecting link between the exporter and the international markets. This is what a number of exporters were missing. This contact can also be used to inform the producer about these markets since the Egyptian producer is currently ignorant of the conditions of commodities in foreign markets and the competitive position of the commodity in these markets. That is, the center is seeking to bridge the gap between production and the international marketing of the commodity. The center considers that the formation of commodity groups will take some time, since these experts are not currently available from among its production and international market experts. Each office has presented a detailed schedule of its capabilities by way of the requested plan.

In addition to these planning steps, the center resolved to adopt a new policy on participating in the expositions in which Egypt is participating in that it has resolved not to participate in any exposition without the preparation of all of the information about the exposition and the participating countries, along with an advertising campaign to be completed in cooperation with our commercial office in the country where the exposition is being held. The development project also contains a plan to raise the level of consciousness concerning the issue of exportation, so eight domestic conferences have been organized, some in cooperation with local universities. Also a national conference on exporting will be held at the end of this year. The National Conference for Commercial Information seeks to coordinate between sources which issue this information. Also contained in the program is the dispatching of three promotional delegations, one to the Arab countries this November, one to Italy in October, and one to the African markets during the beginning of next year.

\$3 Million Granted To Aid Exporters [box on p 9]

The Export Development Center has obtained \$3 million as a grant to aid exporters. The center will undertake to distribute the grants to a number of the exporters up to a maximum of \$100,000 as a grant. Dr Faruq Shuqayr, director of the center, stated that obtaining these grants is conditional upon the fact the exporter be an original producer whose level of exportation may not be less than 30 percent of the total amount of production and that these goods be directed towards competitive markets. It is also subject to the condition that the business should either be small or medium size, not exceeding 2 million pounds.

RICE EXPORTS RISE

Cairo AL-AHRAM AL-IQTISADI in Arabic No 817, 10 Sep 84 p 8

[Article: "Return of Rice to the Export List"]

[Text] Rice exports have begun to return to the export list after having almost disappeared during the last 3 years from the export list. According to information issued by the General Organization for the Control of Exports and Imports, licensed exports during the period January-June were about 64,800 tons valued at 19 million pounds. Rice exports had declined sharply during the last 3 years to about 30,000 tons and in 1982-1983 the numbers sank to 16,400 tons and in the previous year, 1981-1982, to 28,000 tons.

The figures also indicated the export of 136,000 tons of potatoes valued at 29 million pounds and 94,700 tons of citrus fruits valued at 38 million pounds. However, the exports of fresh onions declined in comparison with the same period last year, that is 12,300 tons as compared to 18,000 tons. Peanut exports also declined to 2,900 tons.

Concerning the tendencies of the export of these commodities during the period January/June the information of the organization indicated the exportation of 10,700 tons of rice to Jordan and 16,000 tons to East Germany, as well as 7,700 tons to Czechoslovakia, 4,400 tons to Saudi Arabia and 4,700 tons to Finland. Two companies, al-Wadi and al-Nil, exported the greatest quantities as al-Wadi exported 23,000 tons and al-Nil exported 33,800 tons.

Of the potato exports 75,000 tons went to England, out of 136,000 tons exported during this period. Some 21,500 tons went to Lebanon and 18,000 tons went to Saudi Arabia. The private sector participated in about 84 percent of the amount exported as that it exported about 116,000 tons. The al-Nil Company exported 12,200 tons, and the Potato Producers Cooperative exported 7,600 tons.

Fresh onions were exported with 3,300 tons going to the Soviet Union, 2,000 tons to France, and 1,600 tons to Lebanon. Fresh garlic exports declined sharply to 3,400 tons whereas 1,600 tons went to Russia and 1,000 tons went to Saudi Arabia.

Citrus fruit exports during this period went mainly to Russia and Saudi Arabia, such that the former obtained 46,600 tons and the latter obtained 30,300 tons, and 8,300 tons went to Czechoslovakia and 4,000 tons went to England.

ROAD PROJECTS REPORTED

Valletta JAMAHIRIYA MAIL in English 22 Sep 84 p 1

[Text]

•The leader of the revolution has inaugurated the Tripoli-Ghat road amidst celebrations by the Libyan Arab people marking the 15th anniversary of the great al fateh revolution.

The total length of the new Tripoli-Ghat road is 1,352 kms.

The stages of implementation of this massive project were as follows:

1. Tripoli-Al Aziziya: length 40 kms, cost 4,840,581 Libyan dinars.

2. Al Aziziya-Abu Ghilan: 29 kms, cost 6,574,769 dinars.

3. Mazda-Nsama: length 35 kms, cost 10,133,859 dinars.

4. Mazda-Shweref: length 230 kms, cost 35,596,792 dinars.

5. Shweref-Souka: length 245 kms, cost 38,315,200 dinars.

6. Oubari-Ghat: length 362, cost 74,942,397 dinars.

The total length of roads which were today inaugurated along the Tripoli-Ghat road totalled 941 kms. The rest of the distance was inaugurated last year.

Several concrete bases and

installations have been built to protect the roads sides and to cross valleys. The Tripoli-Ghat road has a speed limit of 120 km per hour so that it is classified as a first class motorway. The first part of the road begins from Tripoli until the Gharyan-Mazda crossing. This first part of the road has a dual carriage-way.

During his speech before the general people's congress on the 15th anniversary of the great al fateh revolution, the leader had pointed out that 1984 is the year of giant roads in Jamahiriya as roads which have been laid in

Libya, when compared with the number of inhabitants, are unmatched in the world. In this respect, the leader of the revolution emphasised that such achievements were not realised through ordinary work but through revolutionary work, that other countries built their roads over a period of 500 years while we achieved this in 180 months only, explaining that this is the meaning, philosophy and value of the revolution, that the revolution gathers resources and abridges time and distance. Over the past

15 years we paved over 57 kms of main roads and 51 kms of country roads every month, in addition to public roads with an average of 108 kms per month.

Thus, during the march of the revolution 10,000 kms of main roads out of 20,000 original length have been paved and, when compared with the number of inhabitants, are unmatched. There are 10 kms for every thousand inhabitants and we have the highest rate among the countries of the world with two kms for every thousand people.

If we compare roads in Jamahiriya with those in America, taking into consideration the number of inhabitants, we find that the citizen in Jamahiriya has twice as much allotment of roads as the American citizen, 20 more than the British, 9 more than the West German, 5 more than the British, 9 more than the West German, 5 more than the Danish, 7 more than the Czech, 19 more than the Egyptian.

CSO: 4500/10

BRIEFS

OFFSHORE CONTRACT AWARDED--An Italian-South Korean consortium has won a \$155mm contract to set up the infrastructure of Libya's offshore Bouri field. Italy's Saipem (a subsidiary of the Italian state hydrocarbons corporation, ENI) and South Korea's Hyundai are to oversee the fabrication and installation of process and utilities modules as well as the hook-up and commissioning of the drilling and accommodation units together with the flare system. The contract was awarded by Agip (another subsidiary of ENI), which is developing the field in conjunction with the Libyan National Oil Company (LNOC). The first phase of the \$2bn project is due to be completed by December 1987. Initial output will be 30,000 b/d to 50,000 b/d but LNOC sources say plans call for capacity and production to triple by 1990 or 1991 to reach 150,000 b/d. Under its agreement with LNOC, Agip's share of production is 19 per cent. The Bouri field is thought to have reserves of six billion to seven billion barrels.
[Text] [Beirut AN-NAHAR ARAB REPORT & MEMO in English No 24, 24 Sep 84 pp 7-8]

CSO: 4500/10

MOROCCO

LEADER OF SOCIALIST UNION DESCRIBES GOALS, PLATFORM

London AL-HAWADITH in Arabic No 1454, 14 Sep 84 pp 20, 21

[Article by Qismat Turan: "Abderrahim Bouabid to AL-HAWADITH: The Union's Institutions Rely on Experience and Economic Integration Is the First Condition for Success"]

[Text] Abderrahim Bouabid, the first secretary general of the party of the Socialist Union of Popular Forces, is a well known political figure in international socialist circles. He is one of the most prominent fighting men and opposition members in Morocco and was one of the signatories to the charter demanding Morocco's independence on 11 December 1944. His name has been linked with the democratic reform movement in Morocco since independence in 1956, and therefore with the consolidation of the bases of the Moroccan economy.

In 1981 his boldness drove him to issue a party statement criticizing the results of the African summit held in August in Nairobi concerning the issue of the referendum over the Sahara. He was brought to trial along with the five fellow members of his political bureau, and was tried and imprisoned.

After the reconciliation with the regime, Abderrahim Bouabid was appointed minister of state without a ministerial portfolio, and his adversaries accused him of deserting the opposition and entering into a liaison with the authorities.

Bouabid is the greatest enigma in the Moroccan democratic game. His party, the Democratic [sic] Union of Popular Forces, attracts the greatest number of young intellectuals and highly competent people and its views have influence throughout the Maghreb, whether the subject is the Moroccan-Libyan federation or preparations for the legislative elections.

AL-HAWADITH met with him in his home in Rabat and had a conversation with him concerning the issues of the day.

AL-HAWADITH: It has been noted that the declaration of union between Morocco and Libya has in effect been a signal around which all the ruling, opposition and other parties with their various ideologies have rallied. On the

basis of what premises have you built your recent appeal to people to say "yes" to the federation, for the first time, as was stated in your speech, as a party that forms part of the opposition?

Abderrahim Bouabid: We in the Socialist Union are unionists, and we always have considered that union cannot be made complete and fulfilled until the necessary difficult stages in its formation have been transcended. The agreement made between His Majesty King Hassan the Second and President Mu'ammar al-Qadhdhafi came as a response to the wish of the young people, and all the people, of Morocco and as a response to all the preliminary realistic steps which must be taken so that this union will not be a failure. Therefore, in terms of principle and in terms of legal measures, and in terms of form, we do not see that we can raise any objection to this federation, and it was necessary that we tell it "yes," and "yes" most warmly.

AL-HAWADITH: However, your latest statement has urged the citizens to vote in the referendum by saying "yes" to specific things. What are these specific things in the Arab African federation, in your view?

Abderrahim Bouabid: By specific things, I meant those institutions which will be in existence following this agreement. The first institution is embodied in the presidency of the federation, which will rotate, 2 years for the king of Morocco and another 2 years for al-Qadhdhafi. This is a symbolic thing, because it will constantly compel the president of the federation to visit the other country, which will have a great effect in terms of the people and morale. Then there is a permanent secretariat which will also rotate, being Moroccan at one point and Libyan at another. There are joint ministerial councils which will study the issues of the federation in depth from various standpoints, economic, defense and internal, and also in terms of the situation in the Arab world, and organized meetings will take place among representatives in the Moroccan and Libyan parliaments. There will be a dialogue between them concerning the federation, and how it will be possible to advance it in firm strides, in addition, of course, to the two permanent committees in the cultural, social and other fields.

We observe, today, that there is total integration between the two countries in regard to the economy, society and culture. Rather than have Libya buy goods which we manufacture in Morocco, one of the first elements of the union will be that it will be oriented to us in terms of trade. The same is the case with Morocco, relative to Libya. We need energy, and we can pay the price for it out of the goods which we will sell to Libya. There is an important aspect in terms of manpower; Morocco has manpower and some technical personnel available to it; I believe more than 50 Moroccan technicians have gone to Libya in the areas of aviation and mechanical and other others, and others will go, and then still others. Therefore there is the issue of total integration between the two countries in all areas.

AL-HAWADITH: What about the area of defense?

Abderrahim Bouabid: The federation stipulates, in its sections, that each country will respect the other in terms of its sovereignty, its internal affairs and its statutes. It will consider that any attack with which it is

faced from outside will be tantamount to an attack directed at the other party. This of course requires protocols, formalities and a broader view, but that is the principle, and negotiations will take place over that later.

AL-HAWADITH: From this we can understand that Morocco will retain its independence, as will Libya, and there will be common institutions governing defense, politics, economics and culture. What, however, is your notion of the function of these institutions? Are there negative points concerning mistakes which could be committed or might occur in these institutions' work?

Abderrahim Bouabid: The joint institutions will talk about ways of representing the union and its work. Other institutions might branch off from those. It is experience which will teach us and cause us to talk. We will work and will work with good will. I think that King Hassan is enthusiastic about consolidating the federation and this is a historic initiative as far as he is concerned. However, we wish, with all the responsibility we feel, that Tunisia, Algeria and Mauritania will join in with us.

AL-HAWADITH: What are your expectations on the longevity of this agreement, in light of previous experiments which have taken place?

Abderrahim Bouabid: We could call them previous experiments!

The first union agreement was made by Egypt and Syria in the era of 'Abd-al-Nasir. It happened by chance that I was minister of finance and economy and was on a visit to Cairo. 'Abd-al-Nasir asked me, "Abderrahim, what do you think about this agreement, that is, about the union? We are waiting for you." I told him, "We are waiting for you." He said, "Are you dubious about it?" I told him, "No, I am dubious not about intentions, but about the approach toward a total merger. I am afraid that the union will be at the top and not at the base." Indeed, the union failed, since integration of the economy ought to have taken place first of all. The European federation has taken a long time, in terms of steps and negotiations, and it has not yet been completed. Therefore, the failure of the attempts which were made previously do not mean that failure will be the fate of every attempt that comes later; its success or failure is contingent of course on the will of the people and the will of the ruler, and its solid progress.

AL-HAWADITH: In a statement which it issued, the political bureau of the Algerian Liberation Front criticized the federation treaty between Morocco and Libya and described it as an effort to divide what ought to be brought together and an act frustrating plans of action. It said that the Maghreb will not be brought about unless the people of the Moroccan Sahara enjoy their national rights and that the Organization of African Unity is the natural framework for solving the problem of the Sahara. The question is, will you find a solution to the problem of the Sahara via this federation?

Abderrahim Bouabid: Of course. The agreement that exists now between Morocco and Libya mentioned the Sahara in its sections only once, and it did not mention this issue, so that we would not close the door to Algeria, Tunisia and Mauritania. Therefore the subject of the issue of the Moroccan Sahara

implicitly ended, as far as al-Qadhafi is concerned, when this federation came into being. He is in a union, and a country which is united geographically and in terms of men and humans is alongside him as it is, and we are not compelled to repeat or assert this explicitly.

I imagine and have the deep inner feeling that Tunisia wants this federation, in view of its proximity to Libya, and consequently the federation will constitute a guarantee as far as it is concerned.

There remain the brothers in Algeria. With time and long patience, if mistakes are not committed, I believe, in accordance with contacts which are made from time to time with the members of the Algerian Liberation Front, that Algeria will want to emerge from this issue in a manner which will not cause it to lose prestige among some African countries.

AL-HAWADITH: Your answer asserts that the dialogue is sound and vigorous, in view of the visit the Algerian Liberation Front made recently to the Moroccan Istiqlal and Socialist Union Parties. However, the latest position taken by the Algerian Liberation Front's political bureau seems opposed to such a dialogue. What explanation do you have?

Abderrahim Bouabid: Dialogue between the parties in the two countries assumes a form which is not similar to that between the two governments. We in the Socialist Union desire dialogue and actually did start it, in Tunisia, on the anniversary of the Tangiers meeting held in 1958 among the parties of the Maghreb, then in Morocco, when a delegation from Algeria came for the first time and attended the Socialist Union conference. I also received an invitation for the Liberation Front to travel to Algeria, and there still is a desire to go there after the Moroccan legislative elections. We will deal with the subject together most frankly in an atmosphere of brotherhood as people who consider and believe in the awakening and destiny of peoples, since, in our estimation, the Maghreb cannot take form without the people of Algeria, just as there can be no Maghreb without Morocco.

AL-HAWADITH: The Moroccan-Libyan federation treaty stipulates that the two countries are not opposed to any other countries and are not opposed to any other agreements. How can one reconcile and bring together this federation and the tripartite agreement which was made by Algeria, Tunisia and Mauritania?

Abderrahim Bouabid: We have not read the sections of this agreement signed by the three countries; so far it is secret, and only the government is familiar with it. I do not believe that interpretations of it, or anything similar, have come out. However, we have become familiar with some broad outlines, which do not in the end conflict with the contents of the federation that exists today between the Moroccan people and the people of the Libyan jamahiriyyah. Although a dispute exists over one point, that does not prevent any of the parties from holding a dialogue and transcending [sic] in terms of form or in terms of essence in order to reconcile them. However, it appears that a large portion of the sections which appeared in the Algerian-Tunisian-Mauritanian agreement resemble those which appeared in the federation. Therefore the picture is as it is. Let us state that there is a new

agreement between the two sides of the Maghreb and another, vertical agreement among Algeria, Tunisia and Mauritania in the middle, and it is very possible for the two sides and the middle to meet.

AL-HAWADITH: What is the outlook of future developments in the light of this event?

Abderrahim Bouabid: Something new exists, the referendum, since unity becomes an issue not just for governments but also for the people and I do not believe that the Tunisian, Algerian or Mauritanian people ignore this factor, which is the peoples' agreement and approval of something which is crucial and important to them. After the legislative elections, we will start to draw up the institutions the federation has stipulated, then, holding meetings between the Moroccan and Libyan "governments," establishing the secretariat general and meetings of the joint committees. Through these commercial, social and economic areas we will show that this federation is real and alive.

AL-HAWADITH: It has been said that the Socialist Union Party gave notice one way or the other of the importance of this meeting or federation when it issued a statement, following which you went to prison for 2 years, that opposed a referendum on the Sahara, after approval on holding it had been made at the African summit which met in Nairobi, and stated that there would be no solution to the problem of the greater Sahara except in the context of the Maghreb.

Abderrahim Bouabid: To be honest, that is an ambiguous matter. On that subject, it has been said that the union opposed the referendum on the Sahara issue, and our trial was considered a trial of an opinion. I did not actually oppose the referendum in essence or in principle; rather, I opposed it in terms of the legal measures which were followed. We said that the government had not taken the necessary precautions for really making the referendum cover the Western Sahara, especially as far as the problem of making a census of the population of the Sahara and determining the necessary voting age was concerned. It has been said that the statement contained disparaging remarks and so on and so forth. Matters continued, and time passed.

AL-HAWADITH: What do you think about moving our conversation over to the subject of the legislative elections that are to take place next 14 September? What did you mean, in your latest statement, when you spoke of awaiting a gift from the palace and said that the opposition had sacrificed much and now deserved to be given sympathy?

Abderrahim Bouabid: I said that as a form of jest, since a journalist asked me "Do you expect that you will be given a greater share this time?" I said that we deserved one and he said "Will this make it up to you?" I said, "We will not get compensation for the hardships we endured previously." I said this in a mocking manner. However, our principle is that we should have the parliamentary seats that we really deserve, but we will not accept any haggling in advance, because as far as we are concerned that conflicts with the democratic approach and political morality.

AL-HAWADITH: However, you have asked for guarantees. What are these electoral guarantees, or have you been silent about them?

Abderrahim Bouabid: There are no written or verbal guarantees or administrative measures guaranteeing impartiality, that is, the impartiality of the administrative system and the integrity of the elections. The guarantees lie in behavior and morals. It is possible that all administrative measures could be taken but remain mere ink on paper if the regional or local authorities do not change their behavior toward the citizens. We have asked that meetings take place between the political organizations and the governors who will supervise the course of the elections in the regions, meetings which would be open, that is, on television, with monitors from the Moroccan people taking part in them, articulating the guarantees which we ask and hope for to correct the course of democracy, in the sense of guarantees governing behavior before and while the lists of candidates are set out and during the election campaign and the announcement of the results. This may take place. We would have liked, and we hope, that these guarantees will be applied, and if we manage to tell the public about them, democratic education will make all the citizens real citizens, whatever their status might be, since they will be able to stand up and face the governor and tell him, stop at this point. This would be a plus for us in making democratic awareness more profound, and that is greater, more advanced and more magnificent than seats.

AL-HAWADITH: It has been said that the Socialist Union Party has an objection to the new election law, which in one of its sections stipulates that no one can run as a candidate unless he belongs to a party. In your recent central committee session, you stated that you oppose the idea of preventing independents from running in elections. Have you accepted the idea or backed down from your opposition?

Abderrahim Bouabid: I believe that it would have been possible for the doors to be opened to all independents to run as candidates, but his majesty has said that there are close to 16 parties and running as an independent candidate in effect means splintering the votes and wasting time, and it would not be bad for an independent, if he finds that some of his opinions are compatible with some political organizations, to tell them "I would like to borrow your name." There is no objection, but I believe that this matter needs more careful study, especially since we are on the eve of the elections. In this matter perhaps more attention has been given that there not be candidates who entail a waste of time than that there be serious candidates who wish to represent a segment of public opinion.

AL-HAWADITH: We have learned that the objection raised against the election law says that the number of Moroccans belonging to political parties does not exceed 1 million, in a country whose population comes to 20 million, and that that means unfairness to the independents.

Abderrahim Bouabid: To be honest, I cannot say that the number of people who belong does not exceed 1 million, but there is some truth to the objection in part, while in part it is not based on truth at all. However, as a matter of principle, I am in favor of making running in elections available to everyone, party members and independents alike.

AL-HAWADITH: What is the status of the people who broke off from the Socialist Union, whom you call "outcasts"? What is the meaning of the recent release of some of them from prison, and their benefitting from the royal amnesty? Does this mean that they will found a new union? I am talking about the Ben Amor group, who are called the radicals.

Abderrahim Bouabid: To be honest, sister, go and ask. However, when we asked, and demanded that all the prisoners be released, we did not leave anyone out. They are free with respect to the ideology they adopt afterwards. If they want to go back to their homes, they will see that the union's doors are open to them, if they have self discipline and consider that they are bound by the resolutions of the Federation and the majority tendency.

AL-HAWADITH: Following our review of this situation, what are the most prominent features of the Moroccan political map now?

Abderrahim Bouabid: We believe that the Socialist Union Party is one which was not established overnight. We have struggled for 25 years, and its members have borne the sacrifices they have for the sake of principles and for the sake of the society and the future. There are organizations for the base of the people, and there regional organizations. I do not imagine that the parties which have arisen at the present time can say that they have organizations of this sort, which require time and seasoning. How can we describe the political map? There are leftwing political movements which want change in the context of democracy and legitimacy and there is what is called the liberal tendency, which contains a number of organizations that agree among themselves over this liberal tendency which today has led to a stifling economic and financial crisis and in view of the weight of the debts which Morocco owes has led us to become subject to the resolutions of the International Monetary Fund. How can one get out of this situation into a situation which I would not say is better, but is one which promises and gives hope in and for the future? However, if we mobilize and change what must be changed, it is possible that we can emerge from the deep quagmire in which we find ourselves.

AL-HAWADITH: Will you stand alongside the opposition in the event mistakes are made?

Abderrahim Bouabid: We will openly declare our opposition in parliament and in the streets. We will say what must be said. If it is positive, we will say welcome to every positive step, and if mistakes occur we will condemn the mistakes. This is our platform, and we will not turn away from it.

AL-HAWADITH: A final question: Do you believe that Morocco, through its steps to attain this federation with Libya, has managed to achieve what the Arab East failed to do, especially with the massive struggles and disputes it is going through? In other words, has the dawn of union come from the Maghreb this time?

Abderrahim Bouabid: To be honest, it is an example of unity. We will work to have this union assume credibility as far as all Arab countries and existing

disputes are concerned. Enmity, disputes and contrary positions have existed between Morocco and Libya, but we have shown that we can overcome these barriers and the residue of the past and we have managed to look to the present and the future with some optimism. We hope that this union will be carefully thought out, a union which is not founded on emotion only and on sonorous hollow phrases; rather, we want it to be an expression which responds to our deep emotions while viewing actual conditions with a realistic eye, since that will round out this unity in its first steps. It is possible that it might evolve into something further and farther-reaching. I hope that the Federation will be a torch of light in a world charged with disputes and tension.

11887
CSO: 4504/11

NADIA YASSINE ON ROLE OF WOMEN IN ISLAM

East Burnham ARABIA: THE ISLAMIC WORLD REVIEW in English No 38, Oct 84 pp 24-25

[Text]

Abd Assalam Yassine, the Moroccan Islamist who has been in jail since December, 1983, was recently sentenced to two years' imprisonment. People who have visited him in the prison at Rabat say that he suffers from bronchitis and a skin infection. Abd Assalam is alone in his cell and a great many people visit him on Saturdays and Thursdays. After the Saturday visit, his followers gather in front of the prison for a few hours in protest against his detention. In a move to limit the visits and to prevent his supporters' demonstrations, *Arabia* was told, the Muslim leader is to be transferred to the Kenitra jail, some 40 kilometres away.

Yassine's son-in-law, Abdullah Shaybani, was arrested by the police in July along with other activists and beaten severely, as a result of which he is reported to have lost much blood. Social tension in Rabat is said to have increased over the last two months because of police harassment. Islamically-dressed women are stopped in the streets and intimidated, while men identifiably Islamist are searched for pamphlets and tracts.

Abd Assalam Yassine's philosophy is to reject the western concept of democracy, but he is understood to have now adapted his strategy. He seems to believe that he can use democracy to further the cause of Islam, a goal for which he created the al-Jamaa party and has been persecuted as a result.

Nadia Yassine, daughter of the famous Moroccan Islamist Abd Assalam Yassine, who is currently in jail in the country, was interviewed for *Arabia* by Abdul Hasib Castineira, the chief editor of the Spanish language monthly *Pais Islamico*. Nadia, a law graduate, is herself an active member of her father's political group al-Jamaa and here outlines her views on her father and on the role of Muslim women

Has the education your father gave you determined your present commitment to Islam?

My father did play a role in my present Islamic commitment. However, he himself has not always had the same position towards Islam. He used to be a "normal" practising Muslim without his present activism. He is a self-made man and had a very brilliant career in education. He and my mother were westernised and they both wanted to enrol us in the French cultural mission schools. But my father kept some clarity of mind. I remember that when taking us to school he used to make us recite Quranic verses on the way, but a change occurred in him gradually. He travelled and read a lot and eventually started a religious quest which

led him to sufism. He spent seven years with the *Boutchitchiyān* tariqa before leaving it after the death of its leader and disagreements with its members.

At the same time he was suspended as the head of the inspector-training department of the education ministry for his Islamic views. After he had written an open letter to King Hassan in which he denounced corruption and advised the monarch to apply the Sharia, he was kept in a psychiatric hospital for over three years.

In the meantime my education followed his change. When I visited him in the psychiatric hospital, he would talk to me about the hijab for the Muslim woman. He convinced me but did not make me change my clothing habits. He influenced my faith but not my commitment to Islam. He would give me his views but let me make my own decision. When he came out of prison I was still wearing jeans and T-shirts. One day he told me that we had two types of relationship — one was a blood bond which he could not deny; the other was a relationship between Muslims, which he had discontinued with me. I still resisted. But when I returned to the university a Muslim sister gave me a book about an Egyptian Muslim woman who was tortured under Nasser's rule but held firm to her faith. That impressed me enormously. I felt I was a coward. I believed in Allah, in the hijab as best for the Muslim woman, that the Islamic way was the real one to happiness, and yet I did not have the courage to act accordingly. I said to myself that the Egyptian sister held tight when tortured physically, whereas I had not been able to face social pressures by wearing but a scarf. That afternoon I bought a hijab.

What do you think of the Muslim woman's condition nowadays?

The widely shared impression of the Muslim woman is that of a secluded, inhibited, oppressed female. This is true, but why is it so? In general, the orientalists who describe Muslim women in this way have chosen the historical periods when Islamic behaviour began to deteriorate. They never take as examples the times of the Prophet and of the Caliphs when Islam was being practised. I have never read in an orientalist work that, for instance, under the Caliph Umar there was a female minister of the quality of life. Orientalists always consider the period when the body of the umma was being corrupted at the top through power. It was then that the woman bore the brunt of corruption.

But if Islam were practised, the woman would be the queen of creation. Islam honours her at all the stages of her life. The Prophet said that he who has a daughter, who honours her and does not favour the male child over her, will be rewarded with paradise. He ordered that male and female children be treated equally, even in kisses.

The female teenager was regarded as a sexual object that could almost be sold. When the Prophet came, Islam forbade the father to marry his daughter off without her consent. We can see this as one of the honours God has given to the young lady. But there are others.

The woman in Islam has total economic autonomy and can enter contracts. Neither her father, her husband nor her brother can meddle with this. On the other hand in France, for instance, where women are said to be liberated, it was only five years ago that women were given the right to have personal bank accounts. Previously they had to seek their husbands' permission to open accounts.

The woman is also honoured as a mother. The Prophet taught that the person most worthy of your respect is your mother, with your father a distant second. It is now well-known in psychology that it is the mother who influences decisively her child's education, especially in the first three years. She can make of him a drug addict as well as prepare him to be God's vice-regent on earth. God entrusted the mother with a heavy responsibility.

What do you think of outside work for women?

Let me relate to you something I heard on a Moroccan television programme, where ulema answered people's queries. One Muslim lady listener said that her deceased husband left her with six children and that she had not been able to find a job. She asked whether in her case it would be halal to venture into prostitution to provide for her children. One (official) alim answered that it was halal because she did not have other means to feed her children, and that God will forgive her. Yes, it is a fatwa (Islamic legal opinion) I myself heard from an alim in Morocco — a Muslim country. Obviously he could not say to that lady that she had been deprived of her Islamic rights and that there should be a (state) fund to provide for her family.

Women did not need to work when the Caliph Umar used to go around the houses at night to inquire about the needs and comfort of the Muslims. However, nowadays things are different. Women

are bound to go to work for the sake of their children.

What do you think of women's education?

There are two types of knowledge: *fard al-ain*, which concerns matters of Islam and in which women must be as good as men; and *fard al-kifayah*, consisting of knowledge which not all the people are required to know. Here are fields such as medicine and obstetrics where women should participate, yet there are areas where women would lose their qualities as educators. I do not see why women should go and work in the iron and steel industries, for example.

Learning is an obligation for every Muslim, male and female, says the Hadith. I think that as an educator the woman should have much wider knowledge than the man because she is in contact with the child. It would be perfect for her to study all the subjects related to childbirth, but also disciplines such as the sciences of education and pedagogy.

However, women's higher education today gives much concern. Students have problems of all kinds because of co-education. Women's education requires a radical reform of the university system.

What is your view, as a Muslim, of the feminist movement?

It represents the emergence of a deeply-rooted evil which involves both the modern man and woman. It is the outcome of a relationship crisis between the two sexes. In the Quran the human being's *nafs* (ego) impels towards evil, while religion leads to God. I think that in the West, man has cut off his relation with God and followed the ego — hence the quarrel between man and woman over who is superior to the other. I think that the woman is one of the victims of the egocentricity of man who lost touch with God. I cannot dissociate the woman's problem from that of the man's. There is a feminist movement just as there is a movement of homosexuals. It is a crisis of the ego cut off from God.

BAHRAIN

BRIEFS

TRADE DEFICIT--Bahrain's trade balance saw its first deficit last year since 1979, although the overall balance of payments remained in surplus, according to last week's report from the Bahrain Monetary Agency (BMA). Invisible trade showed a surplus of \$266mn, but there was a \$108mn fall in the net reserves, bringing them to \$1.5bn. The balance of payments fell by 28 percent, to \$123mn. The visible trade deficit was \$143mn, after a 1982 surplus of \$175mn. This was attributed in the main to the smaller oil trade surplus, which fell from \$1.295 bn to \$1.156bn. The nonoil trade deficit was aggravated by a decline in the value of exports and a marked fall in transshipment business to other Gulf countries. The nonoil import bill rose by eight percent, from \$1.764 bn to \$1.91bn. The surplus on services and capital transfers was \$266mn--a considerable improvement on the \$2.9mn loss in 1982.

[Text] [Beirut AN-NAHAR ARAB REPORT & MEMO in English No 22, 3 Sep 84 p 11]

OBU ASSETS DROP--The assets of Bahrain's 77 offshore banking units fell by \$800mn between March and June, to \$62.4bn, the BMA reported. Figures for the end of March showed assets at \$63.47bn. The end-1983 figure was \$62.74 and for June 1983, \$56.47bn. Assets held in US dollars fell to \$46.75bn from \$47.28bn in May, while the holdings of regional currencies rose from \$10.76bn to \$10.94bn. As for liabilities: the US dollar accounted for \$42.48bn, slightly down on the \$42.95bn recorded for May; but regional currency holdings rose to \$15.18bn from \$15.12bn. Arab countries' deposits fell to \$40.38bn from \$40.48bn, while those from Western Europe fell from \$14.35bn to \$13.82bn.

[Text] [Beirut AN-NAHAR ARAB REPORT & MEMO in English No 22, 3 Sep 84 p 11]

CSO: 4400/7

LEADER OF KURDISTAN DEMOCRATIC PARTY INTERVIEWED ON AGREEMENT

Nicosia AL-NASHRAH in Arabic No 10, 30 Jan 84 p 15

[Interview with a leading member of the Kurdistan Democratic Party: "Interview with Kurdistan Democratic Party Defines Party's Position on Agreement; 'Agreement Expedited Efforts To Establish Broad National Front; It Is not Unlikely That Kurdish Forces Will Join the Agreement' "]

[Text] In order to complete all sides of the picture of the Saddam Husayn-Talabani agreement, AL-NASHRAH conducted a quick interview with a leading member of the Kurdistan Democratic Party, which is considered the main force in the Kurdish movement and one of the chief elements in the National Democratic Front (JUD) [NDF], which opposes the regime in Iraq.

[Question] It's been rumored that there are tendencies or figures within the Kurdistan Democratic Party that support the agreement or that support the dialogue with the Iraqi regime in general. Among the names that were so identified was that of Luqman al-Barzani, the brother of Mas'ud, president of the party. How true is that rumor, and what is the party's final position?

[Answer] Luqman al-Barzani joined the ranks of Saddam many years ago, and he can in no way be regarded as representing a tendency in our party. It's been learned that he was arrested by the regime 2 years ago, and his fate is unknown. It's also been rumored that he was killed, along with others, by the regime's agents. But if it is true that he is still alive and that he will agree with Talabani's agreement with Saddam, then that position is his alone. It is his own personal position, and it cannot be attributed to our party.

[Question] It seems that the agreement that's been reached between the National Association and the Iraqi regime realizes a significant portion of the Kurdish people's demands. Doesn't this affect the status of the Kurdish opposition? Don't you believe that this agreement may force new Kurdish forces to side with the Iraqi regime?

[Answer] The agreement has not been announced yet. Therefore, it is not yet known which part of Kurdish demands can be realized through the agreement between Saddam and the Kurdish National Association [KNA]. In addition, the realization of any portion of these demands depends upon the extent to which the Kurdish people pursue [those demands]. In the past--in 1974, to be specific--

Saddam had also declared his autonomy project for which he had established legislative and executive councils and institutions. However, under the guise of "achieving autonomy," the broadest racist campaign against the Kurdish people took place. More than 614,000 Kurdish citizens were forced to leave their homes and to go to central and south Iraq. More than 1,400 villages were destroyed, and attempts were made, against Kurdish national interests, to change completely the ethnic character of entire Kurdish cities and towns like Kirkuk, Khanaqin, Sangar, al-Shaykhan, (Zammar) and others.

Our understanding of the phrase, "realizing Kurdish demands," is that the Kurdish people truly enjoy the realization of those demands and that they do so freely, under peaceful, stable and democratic conditions. There is much historical, social and political evidence to lead us to believe that a Kurd or any other person who believes that it is possible for the Kurdish people to exercise their just national rights while the Iraq-Iran war is being fought and in the absence of democracy in Iraq is laboring under a delusion.

[Question] Can this agreement be considered a separate agreement, or does it involve other Kurdish forces, as it's being said?

[Answer] So far and according to what everybody knows, the agreement between Talabani and the Iraqi regime is a separate agreement. We do not think it unlikely that Talabani would make serious efforts to involve new Kurdish forces as well as Arab-Iraqi forces in his agreement. So far, however, we have not heard that his efforts have been successful. But it makes sense for him to continue trying. Talabani is also trying to rally the broadest support possible for the agreement which is intended to buy time for the regime.

[Question] There are those who say that your party's opposition to the agreement has to do with the strong relationship that it has with the present regime in Iran.

[Answer] Our party's position on the agreement stems from the interests of the Kurdish people and the Iraqi people. Our party took up arms in 1976--in the early days of its new revolution, and specifically on 26 May 1976--in the mountains of Kurdistan to respond to forced migration, evacuation, destruction and Arabization operations. These operations were begun by Saddam's regime at that time, and they are still being carried out today in a variety of forms. The most recent forced migration scheme was carried out over 2 years ago when the regime decided that most Kurds and Turkmen were to be driven out of Kirkuk and the city of al-Sulaymaniyah, which is considered a purely Kurdish city. It is known that the Iranian Revolution gained its victory in February 1979, that is, several years after the outbreak of the new Kurdish Revolution, which was led by our party. In 1979 our party had declared its solidarity with the young Islamic Revolution of Iran due to the popular and national character of that revolution with which all the forces of progress in the world had declared their solidarity.

The fact that each one of our party's positions is construed as having something to do with our friendship with the Iranian Revolution is not true and does not square with the facts. Our party began fighting for the legitimate national rights of the Kurdish people ever since it was founded in 1946. Since 1961 it

has been leading an armed struggle to gain those rights, and in May 1976 it resumed the struggle. This is the second time in all these years that Jalal Talabani joins the ranks of an anti-Iraqi and an anti-Kurdish power. This is the second time in all these years that he opposes our people and our party. This is where we stand on the Saddam-Talabani agreement.

[Question] Finally, what effect will this agreement have on your alliances within the Democratic National Front? Also, what will the effects of the agreement be on the Iraqi opposition's position in general and on the slogan of the broad national front which opposes the Iraqi regime?

[Answer] Ever since news was leaked about communications between leaders of the Kurdish National Association and Saddam's regime, and ever since the semi-official announcement of their agreement was made, the National Democratic Front has dedicated its efforts to expose the nature of the agreement and its objectives, which are contrary to the interests of Iraqi Arabs, Kurds and minorities. On 4 January 1984 the Democratic National Front issued a statement exposing the agreement. The front indicated that the urgent task was that of establishing the unity of all national opposition forces who have to respond to this alliance between the government and the Kurdish National Association. In other words, the agreement helped expedite the efforts that were being made to form a broad national front.

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CHARACTERISTICS OF OPPOSITION PARTIES DESCRIBED

Nicosia AL-NASHRAH in Arabic No 11, 6 Feb 84 pp 28-30

[Article: "Iraqi Opposition Parties: Intellectual and Political Diversity with the Same Interim Goal"]

[Text] At first we need to make a few references and basic remarks about the method of our presentation, particularly after receiving those remarks that were sent to us by some parties about [our] two previous reports [on the Kurdish opposition movement and the Islamic opposition in Iraq]. This method is not intended to judge, criticize or record the political history of anyone or any political party or movement. This report does not concern itself with evaluating or implementing any of the policies of this opposition. However, if an evaluation is made accidentally and as a matter of necessity, opportunities to respond to such an evaluation are wide open. Such responses would only enrich the subject and help bring out the truth.

The phenomenon of dissension within parties and the proliferation of those parties is not an evaluation; it is an objective fact. It is also an objective criticism. There is no justification for ignoring this phenomenon which we encounter everywhere: among different political and ideological groups, among Kurdish tendencies, among Marxist tendencies and among Arab national tendencies as well. This may be attributed largely to an objective reason that is consistent with the nature of the political, geographical and class makeup of contemporary Iraq.

We will attempt here to summarize [facts about] all the other principal tendencies in the Iraqi opposition movement. We will be taking into account the sharp differences that some of them have, the history of the conflict or the dialogue between some of them, and the allegations that some make against others. These are matters that do not concern us directly at all.

Marxist Opposition Forces

The common denominator for all these factions is the fact that they adopt a Marxist-Leninist ideology. Although sharp differences and considerable discord had appeared in their recent history, these differences appear blurred now. In fact, from the standpoint of their ideology and their programs, these factions appear at the present time to be largely in agreement.

The Iraqi-Arab Socialist Labor Party

This party was established in 1970; its charter was issued in December of that year after the Arab Socialist Movement in Iraq, which is a branch of the Arab Nationalists' Movement there, decided "to abandon the bourgeois ideology, which had been its background, and commit itself to a Marxist-Leninist ideology so as to be consistent with the movement's central decision which required that shift." Those guidelines "take ethnic and regional characteristics into account and strive to establish a unified Arab communist party." The party is also struggling "for Arab unity; it considers the Arab nation an irrefutable fact." In this regard the party differs from Arab communist parties; it also differs from them in its position on the Palestinian question. This party sees no other way for the liberation of Palestine but an armed struggle. In Iraq "the party is struggling for the overthrow of the ruling regime. It wants to establish a national, democratic regime that would provide democracy for Iraq and real autonomy for Iraq's Kurdistan [province]. The party thinks that the establishment of a broad, progressive national front is the only means by which that objective can be achieved. The party has declined and is declining to become involved in political alliances within the Iraqi opposition." At the present time this party is not publishing a newspaper, and for its own reasons it has not set forth any public figure or leader.

The Iraqi People's Liberation Army Organization

This organization was established in 1964 by Mu'in al-Nahr as "a leading organization for the Iraqi working class and a faction of the Marxist-Leninist Communist Movement." This organization thinks that the "crisis of the terrorist dictatorship is getting worse every day and that its implications for our Iraqi people are becoming more catastrophic. This regime is continuing to escalate its Fascist practices, and it is taking away the simplest liberties. The course that this Fascist junta is pursuing in robbing the people of their liberties and their rights is accompanied by the continuation of the war. This war has hurt the interests of the Iraqi people and the Iranian people." This organization publishes a position newspaper, AL-TAHRIR [Liberation]. Among its most outstanding figures are the late Mu'in al-Nahr, Ahmad al-Nahr and Fawzi al-Rabi'i.

The Iraqi Revolutionary Communist Organization

This is a Marxist-Leninist organization that was established by Tahsin al-Shaykhli, alias, Yahya al-'Iraqi. He was assassinated in Beirut in 1978 after splitting with the Revolutionary Committee of the Iraqi Communist Party. This group was led by Salim al-Fakhry and was disbanded when al-Fakhri and a number of its principal cadres left it. This organization published a position newspaper, AL-ASAS [The Foundation]. Among its other figures was 'Ali, who was an organization official in Kurdistan where he was assassinated.

The Arab Socialist Movement

The birth of this movement goes back to a former branch of the Arab Nationalists' Movement in Iraq. It held its first congress in July 1968. At that time its foremost official was 'Abdallah al-Nasrawi who with a group of cadres had

broken away from the organization. Al-Nasrawi is still operating under the name of the same organization, and he publishes a newspaper, NIDA' AL-SHAGHLAH [The Workers' Appeal] intermittently.

The movement believes that Iraq "is going through a general crisis that is stifling and destructive. It believes the crisis was caused by the client Fascist regime and its ill-fated Qadisiyah. This crisis cannot be vanquished unless the regime is overthrown, all its deep-seated institutions are destroyed and a national government is established." The secretary general of the movement is Jawwad al-Dush, [alias] Abu Shawqi. Another one of its figures is Abu 'Umar, [alias] 'Awni al-Qalamji. This movement publishes a bulletin called AL-NIDA' [The Appeal], and it sets forth "the course of an armed revolutionary struggle in which both civilians and the military work together to overthrow treacherous Fascism."

The Iraqi Communist Party: the Central Command

This is the command that split with the Iraqi Communist Party on 17 September 1967 under the leadership of 'Aziz al-Hajj. It was led after that by Khalid Ahmad Zaki and Abu Muhsayan. It was Khalid Zaki who brought about the armed struggle in Ahvaz, south of Iraq.

The party is fighting against what it calls opportunism and defeatism. Since 1969 its established slogan has been that of "an armed struggle as the strategy of its program."

The party occasionally issues a newspaper called TARIQ AL-SHA'B [The People's Path]. One of its most prominent public figures is Ibrahim 'Alawi.

The Iraqi Marxist-Leninist Organization

The organization was proclaimed late in 1976. It represents "the continuity of the Marxist-Leninist cells that were formed late in 1969. This organization was made up of communist cadres that had worked previously in the Central Command. It was also made up of other cadres in the labor organization that had been active throughout the sixties."

This organization publishes a position periodical, RAYAH AL-SHA'B [The People's Banner]. The first issue of that publication came out in June 1980.

The Iraqi Communist Party

This is one of the oldest and the most popular Iraqi parties. It "came into being on 31 March 1934 as a matter of historical necessity that was required by the evolution of the National Movement and the movement of the Iraqi proletariat. This party manifested the unity of the workers' and farmers' national and class struggle." The party was established and led by Yusuf Salman (Fahd), who was executed by the royal regime in February 1948.

So far this party has held three national conferences: the first one was held in 1934; the second in 1972; and the third in 1976.

This party made a principal contribution to the National Alliance Front which paved the way for the overthrow of Nuri al-Sa'id's royalist regime and the establishment of the Republic of Iraq. The secretary general of the Central Committee is 'Aziz Muhammad, and the most prominent leading figures of the party are Zaki Khayri, 'Amir 'Abdallah and Karim Ahmad. The party publishes its position newspaper, TARIQ AL-SHA'B [The People's Path]; a monthly magazine, AL-THAQAFAH AL-JADIDAH [The New Culture]; and an in-house publication called MUNADIL AL-HIZB [The Party's Fighter]. There is a group of professional and popular organizations that are affiliated with the party. These organizations also have their own publications and periodicals.

National Opposition Forces

This is the opposition that concurs in a principal way with the slogans of Arabism, Arab unity and socialism, even though there may be differences about a few minor details. [The following] are included under this opposition:

The Socialist Arab Ba'th Party-the Iraqi Command: This party was established in Syria in 1947. The Iraqi command, however, was founded by Fu'ad al-Rakabi. The party differs with the ruling party in Iraq on several points, some of which have to do with the bloody tragedy of 1963 and with the coup of 1968. The party believes that "the power that the Fascist right-wing holds over our Iraqi people like a sword is one aspect of the new colonialism."

The party also believes that "Some people are speaking out and vilifying the Ba'th Party indiscriminately. They are using the distorted Saddam phenomenon as their excuse to attack the party and its historical role in leading the fight of the toiling masses against the enemies of their class and their nation."

Among the most prominent leading figures of the party are Hazim al-Kabisi, Fawzi al-Rawi and Suhayl al-Suhayl.

The party publishes a position newspaper, SAWT AL-JAMAHIR [The Voice of the Masses], and a number of popular and professional organizations are affiliated with it.

The Socialist Party of Iraq

It was established on 1 October 1966 to become "the nucleus and the center of the united socialist forces." This party is fighting for the overthrow of "the existing Fascist regime in Baghdad. It wants to establish a democratic alternative that would be endorsed by the various national forces." On the Arab scene the party pursues "a policy of working to unite the Arab countries into one Arab state whose orientation is progressive, scientific and socialist."

The secretary general of the party is Dr (Mabdar Alwayis). Another one of its most prominent figures is Rashid Muhsin. This party publishes a position newspaper, AL-ISHTIRAKI [The Socialist].

The Association of Socialist Union Democrats

This party was proclaimed on 5 February 1982 when it split from the Association of Iraqi Democrats, which we will discuss shortly. It was led by Muhammad

al-Habibi and Abu Badi'. That announcement was made at the Tripoli Conference in 1983. The party issued a plan that it called "A Draft Plan" in which it affirmed the importance of a democratic struggle whose orientation is a progressive unity of the Arabs. This association has not yet published a newspaper.

The Congress of National Socialists

This is a national socialist organization that was founded in the mid sixties. Most of its members were originally members of the Ba'th Party.

One of its most prominent figures is Iyad Sa'id Thabit.

Democratic Opposition Forces:

This opposition sets forth democratic prospects exclusively, but it does not have a profound social and economic program even though it does come close, in one way or another, to a progressive and a secular understanding of national problems.

The Association of Iraqi Democrats

This association was established in 1978 by a group of Iraqi nationals who had abandoned organized political and partisan action. It calls for a democratic organization whose purport is national and progressive. It publishes in Europe the newspaper, AL-ITTIHAD [The Association]. One of its most prominent figures is Abu Ayyub.

The Democratic Vanguard Movement-Iraq

This movement was founded in 1978. It believes that "the 14 July 1958 Revolution has been a historical beacon that deserves to be studied and spotlighted. Among its most prominent figures are Abu 'Ali and Abu Faysal. It publishes a position newspaper, 14 TAMUZ [14 July].

The Iraqi Labor Party

This is a group of progressive individuals whose roots lie in Marxism-Leninism. They wanted to establish a party with revolutionary, democratic tendencies. This party does not yet publish a newspaper, and for its own reasons, it has not yet announced a leading figure.

The Democratic Future

The forementioned three parties called upon each other to pool their resources and to work together on a democratic unification project. In March 1983 they issued an appeal in this regard. As a preliminary step toward unification, this group publishes a joint newspaper, AL-GHAD AL-DIMUQRATI [The Democratic Future].

The Democratic Organization of Turkmen

This is an organization whose orientation is national and democratic. It was established by 'Izz al-Din Qawjah who is its present leader. This organization

believes in the need to have all groups and minorities in Iraq, including Turkmen, participate in the democratic process. It believes that all groups and minorities are to take part in making decisions and in political life.

The Organization of Iraqi Democrats

This is a group of intellectuals and former progressive officers and others with different inclinations and orientations. One of their most prominent figures is Salim Fakhri.

Tendencies, Movements and Names

Furthermore, there is another group of tendencies and associations that proclaimed their existence on numerous occasions but did not carry out any public activity. There are, for example, the Factions of the Iraqi Revolution, which is represented by Mr Hasan al-Naqib; the Iraqi People's Congress, which is represented by Hamid Maqsud; the Independent Democrats, who are represented by Hasan al-Nahr; and the Unionist Liberal Movement. These four groups had proclaimed their organizations at the Tripoli Conference in Libya in 1983. There is also the Unity Party, which was established by Lt Col Subhi 'Abd-al-Hamid who is a former minister of the interior.

There are also groups of movements within the same parties, such as the Revolutionary Movement within the Iraqi Communist Party, that disappeared as soon as they surfaced. That party had published a bulletin called AL-NIDAL [The Struggle] late in September 1982. There was also something called The Revolutionary Organization for the Liberation of Iraq-the General Command. Little is known about this organization.

The general phenomenon here is that of the speed with which these names appear and disappear. It does, however, reflect somewhat of a crisis within the Iraqi opposition as well as dissatisfaction in the ranks of some of its parties.

Positions on the Alliances

All factions of the Iraqi opposition agree completely about the slogan of a broad national front. Nevertheless, the concrete facts state that these factions have not yet achieved this front for many reasons that will not be listed here in this context. Regardless of the alliances of the religious tendency, the principal attempt that was made to bring the various tendencies and parties of the opposition together was made at the aforementioned Tripoli Conference. However, the conference was adjourned without any [results] to speak of.

However, the principal parties in the Iraqi opposition are now lining up in two main fronts that are being referred to as "Jud" for the Democratic National Front [DNF] and "Jugad" for the Pan-Arab National Democratic Front [PNDF]. The Iraqi Democratic National Front, "Jud," includes the Iraqi Communist Party, the Democratic Party of Kurdistan, the Kurdish Socialist Party, "Basuk" and the Socialist Party of Kurdistan-Iraq. The principal area of activity for the Democratic National Front is inside and outside Iraqi territory. The Democratic Pan-Arab National Front, "Jugad," includes the Socialist Arab Ba'th Party-the Iraqi Command; the Arab Socialist Movement; the Socialist Party in Iraq; the

Iraqi People's Liberation Army Organization; the Democratic Organization of Turkmen; the National Association of Kurdistan; and the Kurdish Democratic People's Party.

The Pan-Arab National Democratic Front was established on 12 November 1982. The announcement was made in Damascus. The front publishes a newspaper called AL-INTIFADAH AL-SHA'BIYAH [The Popular Uprising], and many people in Iraq and abroad subscribe to this newspaper.

8592
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TAXATION, FINANCING PROBLEMS CONFRONT WEST BANK INDUSTRIES

Jerusalem AL-BAYADIR AL-SIYASI in Arabic No 115, 18 Aug 84 pp 31-32

[Text] The industrial sector in the occupied Arab territories in the past was one of the most active economic sectors relied on, all the more since it did not have to face the problems, difficulties and obstacles that it has to face now.

The difference is enormous--there is absolutely no comparison between the past situation and the present one. In this regard, the owner of an iron workshop says: "In the past, the demand for work was strong and flourishing. We faced no difficulties or problems, so we could work assured of our livelihood, without worrying that taxes would take it all away, or about the actions of customs officials. We used to work without restrictions, but now the situation is different, worse than bad. Taxes are incredibly high and eat away at our livelihood, so that what little remains is not enough to live on or cover our needs. Then there is the policy of raiding stores and workshops and confiscating tools and machines. The problems in this regard are never-ending, in fact they are continuously escalating."

So, the situation is bad, very bad, and has gotten to the point where it is threatening industrial activity and completely paralyzing it. This is natural as long as the occupying authorities have taken it upon themselves to strike the domestic industrial sector and abort it and prevent it from advancing and flourishing, as it has done with the other economic sectors by means of its different tax policies, which vary in form but agree in goal and content.

The problems that the industrial sector faces in the occupied Arab territories are just about the same. The problems and obstacles that confront the iron workshops are the same as those that confront the carpenter shops, the brick and tile factories and all of the other trades and professions. If all of these problems continue the way they are, it will only be a few years before the complete paralysis has worsened considerably in the limbs of the domestic industrial sector.

On this basis, we will try in this report to present some of the problems and obstacles confronting one of the branches of the industrial sector, the iron workshops. Perhaps the appropriate responsible authorities abroad will take steps to correct this situation and try to bring about the radical solutions that are appropriate for it.

Mr Anwar al-Nabulusi, secretary of the Association of Iron and Aluminum Workshop Owners spoke about the most important problems facing the owners of iron and aluminum workshops in Jerusalem. He said:

The problems facing us are many, innumerable. Taken together, they constitute a crushing blow for us, so that we may end up closing the iron and aluminum workshops that we own, after it becomes impossible for us to overcome these problems and obstacles or find appropriate solutions for them.

We can summarize the problems faced by the iron and aluminum workshops as follows:

--Incredibly high taxes: Many taxes are imposed on us, and they vary in name and form. There is the national insurance tax, the 15 percent tax, the arnona [Hebrew: property tax] and the income tax. All of them involve amounts so incredible, you can hardly imagine them, and the rates of these taxes increase year after year at an insane speed. As an example, the national insurance tax was 4,000 shekels per month. This year, it is up to 30,000 shekels. Not to mention the other taxes we talked about before.

These incredible sums are a burden to us as workshop owners. Everything we produce and all the profits that we get--and this is very little, of course--the taxes continue to consume and take the biggest part.

If this situation continues, we will find ourselves forced to close our workshops, because we have reached the point where we are no longer able to meet our obligations, either with respect to workers' wages or with meeting necessary domestic obligations.

The accumulation of taxes to this extent has led workshop owners to close their workshops, so that the number of workshops closed up to now has been 25, and it continues like this.

--Decrease in the demand for work: The decrease in the demand for work is naturally the result of the bad economic conditions prevailing now, along with the accompanying rise in prices and cost of production, and a terrible increase in taxes. In addition, there are the other actions of the occupation authorities, which all tend toward the same goal in the end, i.e., to strike down any sign of national economic revival. These actions are numerous, and there is no doubt that they affect the demand for work. For example, when the authorities refuse to grant building permits to Arab compatriots, they kill two birds with one stone. On the one hand they push the Arab citizens either to resort to dishonorable means in order to get these permits, or they push them to emigrate. On the other hand, owners of iron and carpentry workshops are affected by them in that the decrease in (or absence of) building projects means a decrease in the demand for work, especially in the areas of iron-working and carpentry.

--Difficulty in obtaining work permits: The authorities have gone too far in their policy because it has become very difficult for Arab compatriots who want to obtain work permits to do so. But that is not all. These authorities refuse to renew permits needed to complete work, under every

possible reason and pretext. So the policy of the authorities in this regard has two aspects: the first is to deprive Arab citizens of economic independence and thwart any effort at industrial revival; the second is to burden the citizens with taxes, so that they end up closing their workshops and factories, and this is what is happening now.

--Absence of material support: This is one of the most important problems facing us as owners of workshops, since the unavailability of sufficient assets and the necessary support leaves these workshops in a state of weakness, paralysis and stagnation.

Support is necessary so that the workshop owner can modernize his machines and other necessary equipment in order to push the production process several steps further and finish jobs in the fastest time possible. Also, with adequate support, the workshop owner can accommodate the greatest number of workers, thereby participating, even if only partially, in solving the unemployment problem from which a large part of the Palestinian people suffers.

But unfortunately, this support is not there, so that to accomplish their tasks, most of the workshops depend on very old machines that do not go well with the spirit of the age. Likewise, many of these workshops have been forced to dispense with many of those working for them because of the bad economic situation and the decrease in the demand for work.

These are the most important problems facing the owners of iron and aluminum workshops in Jerusalem and the rest of the occupied Arab territories, and they will remain as long as the occupation remains and as long as the authorities pursue this policy, ferociously attacking any movement in the direction of economic growth and development that our Palestinian people are striving so hard to achieve, with their sweat and their effort and their own capabilities.

Our compatriots have suffered from many of the activities of the occupying authorities, especially on the economic plane. The affliction of the owners of iron and aluminum workshops is part of the greater affliction that has almost crushed our people, and there are very many examples of this.

Nur al-Salaymah, one of our Arab compatriots, once owned an iron workshop, but it is now closed by order of the authorities on the pretext that he had not obtained a permit. This citizen spoke about his suffering:

In 1979, after obtaining a work permit, I opened an iron workshop in the area of Wadi al-Jawz. I continued to operate there for 7 months, until I was surprised by a decision of the authorities to close the workshop on the pretext that I had not obtained a permit, even though I had this permit with me and showed it to them, but they would not recognize it and the decision to close has remained in effect up until now. Yet despite this, these authorities have continued to demand that I pay large sums of money in taxes on the workshop.

At the beginning of this month, the tax men from the National Insurance Agency raided my father's house, seizing a stereo tape recorder. When we checked with the National Insurance Agency about the tape recorder, they asked me to bring proof that I did not own the tape recorder, and I then obtained this proof, but these authorities kept putting me off, and they still have possession of the tape recorder.

What happened is only a small part of what they are doing to our rights. Perhaps the many taxes are the head of the spear with which the authorities are attacking us. There is no doubt that they have forced many of the workshop owners to close their workshops because they could not pay the taxes that they owed.

Despite the numerous requests that we presented to responsible quarters abroad in order to obtain support to enable us to face this economic war being waged against us, we have unfortunately not gotten anything. Our requests were based on instructions from the appropriate quarters, who obligated us to prepare the necessary programs and frameworks by means of which the requested support could be established, but this remained ink on paper, nothing more than promises.

As for our compatriot Tahir al-Disi, he is the owner of an iron workshop in Sha'fat. His problems with the Israeli tax authorities have been unending and continuous. Last year the tax authorities charged him with a tax liability of 1,117,000 shekels according to the determination of these authorities. This citizen affirms that this amount is too great, and he is not capable of paying it. Despite his efforts to have this amount lowered, he was not able to, and these authorities have continued to demand that he pay the above amount.

In the past 4 months, the tax authorities have conducted two raids on the workshop. The first time they seized a number of supplies in the workshop, including three grinding tools and three drills, in addition to a welding machine. The second time these authorities seized two welding machines and two drills, in addition to one grinding tool.

After the last confiscation this compatriot received notification requiring him to appear at the tax authority office, threatening him with the sale of the confiscated tools. At the tax authority, they demanded that he pay 600,000 shekels as a first installment, but he refused to pay this sum, assuring them that he could not pay it, until he was finally forced to pay 250,000 shekels. On top of that, the authorities proceeded to sell the tools confiscated from the workshop of our compatriot al-Disi, for a trifling price not exceeding 45,000 shekels, which was applied toward his total tax liability.

Al-Disi assured us that the tools confiscated, which were sold for this trifling price, were valued at more than 100,000 shekels, and that what had happened was in fact robbery under cover of the law. And what a law!

These are the examples from which can be deduced the magnitude of the affliction of our people in this occupation and the devastating economic war that is being waged against them, aiming to undermine their resistance and perseverance. It is a policy that our people have known for a long time, and they are not ignorant of the goals and aims of this policy. They want us to be subordinate to them for ever, but no longer. Many of our com-patriot brothers have assured us of this, despite the burdens imposed on them.

12727
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ISRAEL

BRIEFS

LAND EXPROPRIATION PROTESTS--Owners of land that has been confiscated in Abu Dis went to their land yesterday, accompanied by one of the lawyers that has been engaged to defend them as well as an official of the Department of Absentee-owned Lands, since these areas were determined by the map of the Department of Absentee-owned Lands. After a check by this department, it turned out that it had ordered the confiscation of these lands in 1983, but the owners of these lands did not find this out until settlers had arrived at these lands and built a number of tents as a temporary nucleus for a settlement to be called Ne'ut Adumim. Lawyers for the owners of these lands will go to the legal counselor of the military government in order to obtain a copy of the confiscation order to add it to the case file. The owners will also arrange for surveying the land, which has been in their possession for several hundred years. [Text] [Jerusalem AL-QUDS in Arabic 13 Aug 84 p 4] 12727

ISRAELI ELECTRICITY TO NABLUS--Israeli authorities dealt a new blow to the Nablus electricity project when it permitted the Israeli regional company to link its lines with those of the Nablus electrical network in the region of Wadi al-Tuffah. The linkage comes at the order of the West Bank Command, which ordered the electric company to send the bill for linking the city with the electrical network directly to it and not to the residents of the city. The Nablus electricity project provides the city with an average of 10,000 kilowatt hours, while the amount sent by the regional company by the linking operation does not exceed 2,500 kilowatts, i.e. a quarter of the city's electricity requirement. The linkage was carried out without the knowledge of the Arab engineers supervising the administration of the Nablus electricity project. Up until now, the linking operation has included the region west of the city and the villages of Zawata, Dayr Sharaf, Ramin and Bayt Iba in addition to the town of 'Anabta. [Text] [Jerusalem AL-QUDS in Arabic 16 Aug 84 p 1] 12727

LAND EXPROPRIATIONS--The Israeli authorities announced yesterday that they have confiscated Khirbat Battir, an area of 100 dunums located in the middle of the village of Battir and owned by the families of Uwaynah, al-Batha, Abu-Harthiyah, Abu-Ni'ma and al-Batmah. It is planted in olive, fig, and almond trees and grapevines. The nearest houses of the village are only 50 to 100 meters away. Accompanied by border guards, settlers yesterday built two rooms on these lands, and brought many tools and bulldozers in

preparation for setting up a settlement there. A year ago, authorities confiscated 1,000 dunums from the same village, and the people of the village presented a petition to the Supreme Court, but the Court issued no order respecting the above petition. [Text] [Jerusalem AL-QUDS in Arabic 21 Aug 84 p 1] 12727

REGISTRATION OF BIRTHS ABROAD--Zafir al-Misri, president of the Chamber of Commerce in Nablus explained that the Chamber was surprised that the authorities had changed their information regarding the registration of new births occurring outside the West Bank. After informing the chamber more than a month ago that it would permit the registration of births abroad on the identity card of either of the parents, the identity card office then did not follow this announcement, as it refuses to record births on the mother's identity card, and insists on registering them on the father's. Al-Misri said that he personally consulted with officials on this matter. He added that the chamber will continue to study the matter with the competent authorities to achieve a permanent solution to this problem in order to register births outside the West Bank on the identify card of either of the two parents if one of them carries a West Bank identity card, regardless of whether it is the father or the mother, according to what was previously announced. [Text] [Jerusalem AL-SHA'B in Arabic 2 Sep 84 p 3] 12727

NEW KIBBUTZ ON GOLAN HEIGHTS--A new kibbutz, named Qela' Golan, belonging to the United Kibbutz Movement was established on the Golan Heights today. The kibbutz currently has 36 members and more are expected to join it later. [Summary] [TA162044 Tel Aviv ITIM in Hebrew 1635 GMT 16 Oct 84]

TOURISM STATISTICS---More tourists came to Israel last month than in any previous September, but the number of tourists from Arab countries was down by nearly a third in comparison with last year, the Tourism Ministry announced yesterday. Last month 106,700 foreign tourists arrived here, 4 percent more than September 1983. Some 11,800 tourists came from Egypt, Jordan, and Lebanon last month, 31 percent less than the same month last year. Tourists from Lebanon totalled 3,100, compared to 8,100 last September. Some 3,600 tourists came via Egypt last month, and 5,100 from Jordan. [Text] [TA151803 Jerusalem THE JERUSALEM POST in English 15 Oct 84 p 1]

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CENTRAL BANK GOVERNOR ON VARIOUS ECONOMIC ISSUES

Amman THE JERUSALEM STAR in English 30 Aug 84 Money & Banking Supplement
pp 2-3

[Interview with Dr Mohammed Said Nabulsi, governor and chairman of the Central Bank: "Everything You Wanted To Know From the Central Bank"; date and place not specified]

[Text] Jordan's money crunch is over and liquidity as well as foreign exchange reserves are picking up. Profits posted by banks in 1984 may not reach the same level as last year but will remain high. Provisions for doubtful debts will continue at a high level but the worries of the Central Bank are over and the worst hit sector last year, the trucking business, is now recovering in a healthy way. Interest rates on both loans and deposits have reached a record peak in the Kingdom's history and provide savers with a real yield--after inflation--of 5% one of the highest around the world. Yet, the Central Bank plans to introduce more flexibility in the system but not to the point of a complete float.

Those are the main features of an exclusive meeting with Dr Mohammed Said Nabulsi, governor and chairman of the Central Bank who also revealed that:

--the government's participation in the new Jordan Finance Consortium will be held by the Ministry of Finance, although the Central Bank will actually sit on the board of directors with certain veto powers;

--the Central Bank has given its official go-ahead to three banks to raise their capital--Jordan Gulf Bank, Petra and Syrian Jordanian--while Bank of Jordan will probably get a 6-month extension;

--the market of certificates of deposit will be encouraged both in terms of foreign currency denominations as well as for longer maturities up to 5 years with higher interest rates;

--the Prime Minister has approved a plan to establish a Mortgage Fund with the Housing Bank to allow housing and mortgage associations to offer loans of up to 20 years, thus changing radically the prospect for residential construction in the Kingdom.

Following is the full text of the interview:

Q: There was a very serious money crunch last year and early this year in Jordan. What really happened behind the scene?

Governor Nabulsi: If you remember, we took a number of steps to slow down the fall in the country's liquidity. We tried to help a little by reducing interest rates in April 1983 and cut back later reserve requirements. As far as interest rates are concerned, the move was a symbolic one.

However, the step made to lower reserve requirements was a real contribution in releasing substantial funds to the banking system. At the same time, we moved to direct more funds from the banking sector to government and private issued bonds as well as to the equity market. For the first time, banks were specifically asked to devote a minimum amount of their capital to equity holdings on the Amman Financial Market. Several banks had already invested there but the trend had really started with the Industrial Development Bank. The capital-to-equity ratio we recommended has already been applied by most Jordanian banks. Only foreign banks are still short of the ratio and were given a certain period of time until the end of 1984 to comply with our requirements. We believe that all the funds released through lower reserve requirements were funneled to the bond and share market.

Q: So that means that none of it really was used to expand loans to the private sector?

Governor Nabulsi: Yes and that is exactly what we wanted to do. We were happy with the level of credit available to the private sector then and we wanted to prevent an increase in liquidity. With the overall balance of payments situation deteriorating, it was essential to keep tight reins on the market. On the other hand, we wanted to make sure that the productive sector of the economy had enough funds at lower interest rates to tackle economic slowdown. That explains why we stressed so much on syndicated loans and bonds as well as greater refinancing facilities at the level of the Central Bank. So there was a dichotomy in our drive to replenish the country's liquidity. On one hand, we were keeping a tight hold on the market and on the other, moving funds towards the productive sector.

Q: Why was it more needed at the level of the government and public corporations? Was it to step up expenditures?

Governor Nabulsi: Exactly. There were two reasons in fact. One was because of the very sharp drop in government revenues--especially as far as the Arab aid is concerned, we had to find alternative sources. When the 1984 budget was drawn, there was a sharp curtailment in project appropriations, such as for the Water and Sewage Authority and the universities which had all to turn to the private sector to fund their capital expenditures. We had to help them raise funds for projects already underway. On the other hand, the government and the private sector were moving in other areas such as lumber and glass manufacturing which needed more capital. That is why the list of syndicated loans and floated bonds was so long last year.

Q: Bonds and syndicated loans extended last year and until June 1984 jumped nearly twice as fast as other types of bank credit facilities. But the other reason for such a growth is the attractiveness of bonds and debentures. On a pre-tax basis, isn't it right that bonds yield as much as 13%? To a point in fact that some bankers use interbank funds to finance their bond portfolio!

Governor Nabulsi: Right. In fact, the pre-tax yield is even higher than 13%. Beside, we nearly secure perfect liquidity for those instruments. Whenever they need it, banks can come to the Central Bank to refinance 35% to 40% of the total. And over this particular issue, we even made advance commitments for each loan operation.

Q: Some bankers claim that it was a mistake to reduce interest rates in April 1983 since it only served to discourage JD depositors and to reinforce the shift towards foreign currency deposits. What do you say?

Governor Nabulsi: As I said, the reduction was purely symbolic. It was very small and amounted to only 0.25% which in fact was corrected later.

Q: Yes, but only for deposits. Not for loans!

Governor Nabulsi: Sure, but that really is what counted most. The new guidelines we issued in May 1984 abolished the stratified system (from 6.5% to 8.5%) for deposits. So interest rates are in fact much higher than before. We also pushed interest rates on bonds and treasury bills earlier this year. The latest government development bond issue offered the highest rate ever (see "Money Box--What Money Earns"). So interest rates now stand at a record high as far as Jordan is concerned historically. Never before have rates been so high for depositors.

Q: Yes, on deposits. But what about the loan side?

Governor Nabulsi: Here again, we must refer to our interest rate structure. It is not really that strict you know. The combination of interest rate and the so-called commission has also pushed interest rates to a record peak.

Q: How can you say that when the Central Bank reduced those two items by about 0.75% last year and no further adjustment has been made since. How can you claim that funding cost for the private sector has never been so high?

Governor Nabulsi: See, we have always specified a margin or band of rates and commissions for banks. Effective rates within that band now stand at the ceiling level whereas before, borrowers could get facilities at the floor rate. Today, there is no more floor. Nearly everybody borrows at the maximum rate, thus making funding cost more expensive than ever.

Q: Several bankers claim that current loan rates are still too low in view of their dwindling spread over the past few years!

Governor Nabulsi: That is a viewpoint. Don't worry, they are making good profits and we have the figures showing that. The proof of the pudding is in the eating and profits were very good in 1983.

Q: But they were down!

Governor Nabulsi: Yes, against 1982 but 1982 was a very exceptional year. It was not a standard performance period for Jordan. Last year, all banks maintained their dividend rates. Some banks suffered a drop in their pre-tax earnings but profit distribution was good. In fact, some banks posted even higher profits. One case is Jordan National Bank.

Q: What do you expect in terms of banking profits for 1984?

Governor Nabulsi: Very good. I can't say that they will be as high as last year due to the economic climate but the turnover is very good. One indicator is the level of imports which have risen this year against 1983. Deposits and credits are also on the increase. I can't generalise but profits are certainly very good.

Q: What about bad debts and slow performing loans?

Governor Nabulsi: That is another question of course. We won't have a full idea about that before the end of the year. Jordan is no exception to the worldwide situation and nonperforming loans are rising here as elsewhere. I can't quote any figures here. I simply don't know, neither in aggregate or in specific terms. Let me say that we, at the Central Bank, are not worried about the situation.

Q: Last year, hefty provisions for doubtful debts were made by some institutions. Some bankers claim that what was seen in 1983 may prove to be peanuts compared to 1984?

Governor Nabulsi: It really started not with the current sluggish economy but much earlier, even in the late 70s when two top contractors, dealing with a single bank, collapsed. Their total nonperforming loans exceeded anything the country has ever come across and I can't see any bad debt in 1983-84 matching those loans. Our worries over this issue were mostly in 1982 and provisions have spread out since then.

Q: That is when you introduced your 1% floor requirement of cumulative provisions to be set against doubtful debts, right?

Governor Nabulsi: Yes. 1983 and 1984 are in fact still suffering from what happened then. The amounts involved with those contractors still exceed the total bad loans posted by all other banks combined together. A third contractor is now in a better shape. In 1983, there was a new case involving this time the trucking industry. However, trucking has picked up over the last two or three months as a result of our crude oil transport operations with Iraq and we expect a much faster recovery in the next few months. In 1984, nothing really happened in term of major bad debts, except for small isolated cases. In this regard, 1984 is showing that our economic infrastructure is much stronger than what we thought. Although we are now in our second year of sluggish economy, the system is better than ever. No new cracks showed up despite the weight of the credit facilities. There is only one bad case here for 1983 and that is the embezzlement of funds at Jordan Gulf

Bank. But I wish to assure your readers here that there is not much of that in our system. We are also confident about the survey carried out by the Central Bank and we came to the conclusion that we covered most facilities extended in the country.

Q: So you are not thinking of raising the 1% floor on provisions on doubtful debts?

Governor Nabulsi: No. Not at all. In fact, this is the reason why the Jordan Gulf Bank came to us a few days ago to raise its capital and distribute bonus shares. We said OK. We are not worried about the situation since they have enough reserves.

Q: So that means that you will also authorise Petra Bank to issue bonus shares?

Governor Nabulsi: Exactly, although we did ask them to amend one or two things in their proposed issue. Bank of Jordan will also raise more capital but they asked us to extend the deadline by another six months and we might agree with their request. Finally, Syrian Jordanian Bank will also raise its capital from JD 1 to JD 5 million.

Q: So can we expect a drop in provisions for doubtful debts in 1984?

Governor Nabulsi: Not exactly. We believe that the banking system will instead maintain a level comparable to last year. We obviously stepped up our credit monitoring inasmuch as the situation justified it. You know, it is so difficult to ascertain how much credit is really performing or not performing under a heated economy. But it is much easier when the economy slows down. We have the best credit information system available in the Middle East and it is fully computerised. One reason why we stopped issuing new bank licenses 4 years ago was simply because we wanted to maintain the quality of our monitoring system.

Q: What happened last year and this year on the foreign currency front? Foreign exchange reserves dropped considerably between June 1983 and April 1984. Why?

Governor Nabulsi: Let me make a correction. Foreign exchange reserves of the country have not dropped. In fact, you are just describing a seasonal movement of dwindling reserves in the first half of the year and an increase during the second half. The drop for the whole country was very small but the fall recorded by the Central Bank was bigger. This reflects the fact that foreign exchange revenues of the Central Bank suffered very, very seriously as a result of the sharp fall in Arab aid. We recorded a drop of nearly \$600 million per year. So there was a big, big drop. We also had problems with our exports and since we maintained our foreign currency expenses at a high level over the last two years without the corresponding income, our reserves were bound to drop. We usually get only aid from Saudi Arabia in the first half while the other donors pay in the second half. This year, we got \$355 million from Saudi Arabia in June. That coincided with the

usual pick-up or private transfers at the beginning of the summer for the holiday period. That is why you had such a sharp increase in currency issued during June. Then came the \$200 million loan in July from the Arab Bank and the National Bank of Kuwait, although the Kuwaiti dinar portion of it has not yet materialised. I don't foresee any more loans for 1984. I think that foreign exchange reserves will pick up until the end of the year. But if there is any drop against last year, it won't be as strong as during the first half of 1984.

Q: Most bankers complain about the rigidity of the interest rate structure in Jordan. Is there any way that the Central Bank could introduce more flexibility in the system?

Governor Nabulsi: We don't think it is so rigid. But this is not a definite policy. We did introduce some flexibility for deposit rates in May. I think that was a big step. We don't think that we should completely float interest rates for a number of good reasons. For one thing, we feel that a free float could distort our monetary policy. It would not add much. After all, the present structure is not far from a floating system since the JD is linked to SDR (Special Drawing Rights--a basket of five currencies set by the International Monetary Fund and including the US\$, DM, FF, Sterling and JY) rates. Recently, we monitored the SDR and found out that we are very close to it. We are really following SDR rates. There might be a 10 to 15% band in variation but that is relatively small. Now, if we allowed interest rates to float, we might harm investors since we rely so much on high growth in Jordan.

Look at the productive sector for example which is only moderately profitable. If we allow interest rates to jump and follow dollar rates as it happened in Kuwait, it could be destructive by leading investors to switch out from equity investments into bonds and bank deposits. Where would the industry raise its funds? That would not be very conducive to growth in the productive sector. Sure, we don't want to subsidise investors to the detriment of savers. At certain times, it did happen but overall, investors are not being subsidised by depositors, especially now with the inflation rate down to 3.5% in June. Just imagine if we had floated rates during the high inflation period of the 70s. It could have caused havoc on the money market and that would have ran against the tradition and habits of this country. Interest rate has always been very important here. In fact, usury laws are still there and many people doubt about our legal power to allow banks to charge interest. So with real interest rates at 5% after inflation now, they stand among the highest in the world, even in comparison with \$ rates.

Q: Let's turn to the fairly new saving instrument of certificates of deposit (CDs). Some institutions wish to issue them in foreign currency denominations while others want to offer maturities of up to 3 years. Do you see any problem for that?

Governor Nabulsi: No. In fact, we will encourage them to proceed. Moreover, we are ready to lift the interest paid on those CDs (see "Money Box--What Money Earns") and allow for a greater band to introduce longer maturities up

to 5 years. Those funds could then be matched with mortgage loans. But we have to be careful here to avoid CDs competing directly with debenture rates. The other aspect is that the secondary market is still very weak and requires to be strengthened further. Another project we are considering is the creation of a Mortgage Fund either at the Central Bank or at the Housing Bank level. We are now holding very serious discussions about that and the Prime Minister has approved the idea. This fund would help to finance facilities extended by the housing and mortgage associations for 10, 15 or even 20-year maturities.

Q: Another issue is the Jordan Finance Consortium in London. What are the latest developments about that?

Governor Nabulsi: It is going ahead as planned and I will be attending the first board meeting in a few weeks in London. The Ministry of Finance will represent the government at the level of the shareholders' assembly but the Central Bank will be the representative on the board level and will enjoy a veto power on some key issues.

Q: But do you think this consortium will add anything to the market here?

Governor Nabulsi: The Central Bank and Jordan in general are getting more and more involved on the international market place whether for borrowing or investment purposes. We feel that this will be our arm there, a sort of watchdog piecing together information on the world market. But there is no way the Central Bank will deposit all its funds there. We already have a network of correspondents abroad and our policy is one of diversification. So the consortium will never be an extension of the Central Bank, as was suggested in a very exaggerated way.

CSO: 4400/7

STATUS OF BANK PROFITS ANALYZED

Amman THE JERUSALEM STAR in English 30 Aug 84 Money & Banking Supplement
pp 18-20

[Text] Bank results in 1983: Profits and liquidity dip, recycling shoots up but so do investments--the big question is where profits are heading for 1984.

The financial results tell part of the backstage story that went on last year: eight out of 12 commercial banks posted either flat or lower profits than in 1982. Both the Housing Bank and the Industrial Development Bank also saw their profits slip down.

The traditionally cautious Housing Bank recorded a spectacular fall in profit as a result of expenses which grew three times faster than total income and heavy interbank borrowings which shot up by 62%. However, profits are expected to double this year following a sharp streamlining in expenses.

The case of the Industrial Development Bank (IDB), which is not really a commercial institution, shows how fragile the banking market was. Last year, IDB posted an astounding growth in deposits (126%) which cost a drop in the year's tax-free profits.

But bottom line figures don't really say it all. As was found out through the analysis of the banks' balance sheets (see accompanying tables), the commercial lenders have been seriously plagued by the tight money market. Suddenly, everybody wanted to borrow, either through direct facilities or through bonds and syndicated loans. There was a huge bunching on the market precisely at the time when nearly everybody was switching to non-JD deposits in order to bank on the rising dollar.

On one hand, the combined interest (or profit sharing for Islamic institutions) income of all banks has dropped constantly since 1981 on an asset basis to reach a low average of only 9.21% last year as a result of the Central Bank's instructions to lower charges on loans and advances. On the other hand, the cost of funds (interest or profit sharing distribution) dropped but never as fast.

Result: the net interest yield on assets has fallen by 15.5% since 1981.

And on top of that hefty provisions for doubtful debts which took the lead on depreciation and amortization write-offs and you end up with a 24% drop in pre-tax returns on asset for 12 banks.

The impact was mostly felt on the return on capital and distributed profits. Return on capital (equity, reserves and retained earnings) slipped by over a third from 1981. Bad news for investors who had injected JD 49 million in extra money in the banking system over the last two years via increased paid-up equity and cumulative reserves. If it hadn't been for Citibank's remittances to its head office (the first significant amount in a long time), a lower share of net earnings (28% against 31%) would have ended up in the shareholders' pockets for the third year in a row.

Although self-funding ability, the retention of hidden reserves through all sorts of provisions and earnings, worsened yet again, banks were able to maintain a very adequate coverage of their loan portfolio in 1983 by their paid-up equity. The broader loan coverage, including the year's hidden reserves, even improved to strengthen the overall lending system.

What really deteriorated fast was the acid test coverage. This is an exercise which squeezes out all the fat of an institution and restricts the coverage of loans, and advances to the shareholders' equity (capital and reserves), less all fixed assets and investments, as though they couldn't be liquidated fast enough to meet an emergency situation. The main reason behind that is both the action taken by the Central Bank in pushing institutions to invest a minimum of 15% of their capital in shares of public companies listed on the stock exchange market, and the very attractive profit to be made tax-free from bonds and debentures.

Sure enough, under the 1983 tight market, recycling of deposits into loans and investment improved considerably. In short, banks had to maximize the use of their customers' money to stay afloat and keep their profits at a reasonable level. The only exception here is the dip in contra accounts, letters of credit and letters of guarantee which reflected the stiff contraction in trading (import and export) activities.

Winners and losers

It might appear strange to find that two of Jordan's most conservative banks Jordan National Bank and Bank of Jordan, posted the best financial performances last year compared with aggressive institutions such as Petra, Arab Jordan Investment Bank and Almashrek.

What happened is that those banks, which ranked much lower in 1982 and in 1981 (see accompanying tables), made full use of their traditionally cautious approach by being highly liquid at the right time. They were thus able to grab important new customers in the industrial sector while other banks were actually pulling out. As a measure of their liquidity, their cash and net interbank assets in both JDs and foreign currency actually dropped in favour of direct loans and advances to customers. Six banks recorded a very strong growth in their loan recycling operations and Bank of Jordan as well as Jordan

Performance Ranking of Jordanian Financial Institutions

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>Features in 1983</u>
Jordan National Bank	1	6	6	Profit jump by 71%
Bank of Jordan	2	3	4	Strong profit growth
Citibank (Jordan)	3	8	9	Large dividend pay-out
Jordan Gulf Bank	4	5	5	Dip or flat throughout
Cairo Amman Bank	5	2	7	Profit dip + deposits flat
Jordan Kuwait Bank	6	1	2	Hefty profit drop
Petra Bank	7	7	10	Highest return/capital
Arab Jordan Investment Bank	8	9	8	Loans remain flat
Arab Bank (Jordan)	9	4	3	Sharpest profit drop
Jordan Islamic Bank	10	10	11	Cheapest source of funds
Bank Almashrek	11	9	1	Loans + profit drop
Syrian Jordanian Bank	12	11	12	Strongest profit rise
Industrial Development Bank	1	1	2	Slight profit drop
The Housing Bank	2	2	1	Hefty drop in profit
Islamic Investment House	1	nil	nil	Deposits jump by 224%
Jordan Finance House	2	nil	nil	Sharpest profit rise
Arab Finance Corp. (Jordan)	3	2	--	Profit drop by 25%
National Fin. Inv. Co.	4	3	nil	Profit more than double
Jordan Securities Corp.	5	1	--	Net loss + large provisions

Source: Quarterly Financial Monitor issued by Capital International

National were among them. Others included Cairo Amman, Syrian Jordanian, Citibank and Arab Jordan Investment Bank.

The strength of the Bank of Jordan and of Jordan National lies in their cost of funding in relation to their overall assets, which are the cheapest in the kingdom after the Islamic institutions. Unlike most other banks, those two front runners hardly felt the pinch of smaller spreads since their net interest yield on assets outpaced by far all other competitors.

However, the situation might change radically in the second half of the eighties as competition builds up among all sorts of new and even more aggressive institutions offering better yields on cash deposits. Jordanian savers are also awakening to the need to maximise their deposit income, and the share of current accounts, yielding very little interest or no profit sharing at all, is dropping.

Indeed, the real estate companies, such as Refco and Darco (the only ones authorised so far among real estate companies to take term deposits or offer two-year certificates yielding as much as 9% year) will only add to the mounting pressure.

As a result of their strong profits (from 24% to 71% respectively), both banks posted the highest return on equity (18%) after Citibank whereas the Arab bank had to rely on its profits from outside Jordan to pay its local shareholders.

Indeed, pre-tax profit on Jordanian branch operations nosedived by as much as 94% last year because of old bad loans to two contractors which had to be written off as well as to more recent bad loans extended to the trucking business. The cushion set up by Arab Bank pushed the cost of total provisions by 135% or JD 3.9 million. It was the first time in many, many years that the Arab Bank's local branches did not contribute a share of worldwide profits which were quite substantial (JD 22.2 million).

A bank which maintained its position was Petra, the number two bank in terms of assets in the Kingdom. The combination of profit distribution (the first dividends handed out since 1980) and the size factor was the main reason for the performance. Last year, Petra recorded the highest growth of street deposits (34%) as well as the sharpest jump in street loans (45%) which made it the largest lender among all commercial banks (excluding naturally the Housing Bank), surpassing even the average performance of Cairo Amman, the number one in 1982.

Despite such a growth, Petra's net liquidity position climbed remarkably by nearly JD 5 million and the bank was able to move out of the worst business sector (the trucking area) in late 1982 way before the crowd, thus protecting its two-year record of posting the highest return on capital in Jordan.

Jordan Gulf Bank is another which moved up on the ladder. Although profits dipped last year as a result of a sad case of embezzlement triggering hefty provisions, the bank resumed dividend payments following last year's interruption for the 1982 fiscal period. One particular feature of Jordan Gulf is its ability to earn more (JD 10.4) than anybody else on each dinar worth of asset, with the exception of Citibank. Although its cost of funding was very high, it came third for net interest yield whereas Citibank ranked 6th.

What hit Jordan Kuwait, which had always ranked first or second since 1980 in terms of financial performance, was a frantic slowdown in interest income and a net drop in commissions earned. Despite that, it reinforced its net liquid position to JD31 million, coming thid in the Kingdom after Arab Bank and Petra.

Landscape and prospects

It is interesting to witness the sharp change which took place in the ranking through the boom and bust years of 1981-83.

Three years ago, Arab Bank and Almashrek ranked among the front runners while Cairo Amman, then the number two bank in terms of assets, didn't even figure in the top five. Citibank was in the low second tier group ranking 9th. Only Arab Jordan Investment Bank, a merchant institution which cannot accept current accounts from the street and is barred from financing consumable goods--one of the most profitable areas in the banking business--and Syria Jordanian, now undergoing a major corporate transition, have stayed in line.

In the field of merchant bankers and finance companies, the Islamic Investment House made an impressive show, followed closely by the Jordan Finance House. Those two Islamic newcomers have chosen radically different paths to serve their customers and plan substantial new avenues of business in 1985.

It is noteworthy that with the exception of National Financial and Investment Co (which underwent quite a reorganisation last year), both Arab Finance Corp. and Jordan Securities posted a profit drop and a loss respectively. At one time, Jordan Securities was the kingmaker of the Amman Financial Market but unless swift action is taken by the Housing Bank, the godfather of that institution, Jordan Sec. may lose even more credibility on the market.

Next year, Finance & Credit Corp. as well as Jordan Investment & Finance Corp. should be posting a strong performance on our Boxscore table with two full years under their belt.

The prospects show that far more jockeying will take place in the next two years. First, bank results may worsen this year under the plight of very heavy loan rescheduling and slow performing assets. The big "if" is whether all the hopes and handshakes invested in rescheduled loans will prove to be rewarding.

If maturity extensions awarded to squeezed borrowers don't help to restore the cash payments, only those enjoying high net liquidities and substantial investment portfolio in tax-free bonds and treasury bills will be able to face the music.

And oddly enough, both Jordan National and Bank of Jordan fit those criteria with combined holdings of JD33.8 million, only JD4 million short of the giant Arab Bank's equity-free portfolio.

Two major developments are expected next year. The first and most important one is the long awaited Mortgage Fund to provide new money sources to the cash-short real estate finance companies. The Fund, now under planning by the Central Bank, aims to create a secondary market for mortgages. Real estate finance companies would be able to resell their housing mortgages back to that Fund through perhaps the Housing Bank which, in turn, would get refinancing from the Central Bank. The Housing Bank is already an important lender to Refco under a medium-term facility and would step up its involvement with other real estate companies.

The other development might come from the Arab Land Bank, one of the oldest bank institutions in the Kingdom which will be the first foreign controlled entity to move into full Jordanisation. The test will be a crucial one and could pave the way to other "conversions."

[Boxed material on p 20] About the Ratios and the Ranking

+ Capital International uses 32 different ratios to establish the ranking of each institution. The tables only reproduce the most crucial ones. The others include financial information disclosure, maximum deposit ceiling and

Banks: (part one)

	-1-	D Interest (or profit sharing) Return/ assets	-2-	D Interest (or profit sharing) Cost/ assets	A Rank	-3-	D Net Interest (or profit sharing/ assets)	-4-	D Return/ invest- ments	D Rank	-5-	A General cost/ assets	-6-	A Rank	A Cost of provi- sions	A Rank
Citibank, N.A.	10.74	1	6.36	11	4.38	6	6.41	1	-6.65	3	0.11	1				
Bank Almashrek	9.03	9	5.53	9	3.51	9	NA	--	-4.44	2	0.13	2				
Bank of Jordan	9.64	5	3.80	3	5.84	2	NA	--	-1.13	11	0.14	3				
Arab Jordan Inv. Bank	9.76	3	6.77	12	3.00	11	NA	--	-1.02	1	0.20	4				
Cairo Amman Bank	9.33	7	4.63	5	4.70	5	NA	--	-2.15	8	0.44	5				
Jordan National Bank	9.72	4	3.46	2	6.26	1	NA	--	3.16	12	0.48	6				
Petra Bank	9.30	8	5.46	8	3.84	8	NA	--	-1.97	5	0.50	7				
Jordan Kuwait Bank	9.59	6	4.58	4	5.01	4	NA	--	-2.18	9	0.52	8				
Jordan Gulf Bank	10.41	2	5.18	7	5.23	3	NA	--	-2.29	10	0.52	9				
Syrian Jordanian Bank	8.88	10	5.95	10	2.93	12	NA	--	-2.06	7	0.56	10				
Jordan Islamic Bank	6.01	12	1.81	1	4.20	7	NA	--	-2.03	6	1.19	11				
Arab Bank Ltd. (Jordan)	8.10	1	4.73	6	3.37	10	NA	--	-1.65	4	1.65	12				
Country average—1983:	9.21		4.86		4.36		6.41		-2.06		0.54					
1982:	10.27		5.31		4.96		7.40		2.11		0.76					
1981:	10.39		5.23		5.16		6.02		2.03		0.76					

Banks: (part two)

	-7-	D Net pretax Return/ assets	-8-	D Same after inflation	D Rank	-9-	D Return after tax /assets	-10-	D Same after inflation	D Rank	-11-	D Return on total capital	-12-	D Same after inflation	D Rank	
Petra Bank	1.37	9	-4.40	9	1.20	7	-4.56	7	28.17	1	20.88	1				
Citibank, N.A.	2.61	2	-3.22	2	2.08	1	-3.73	1	18.65	2	11.90	2				
Cairo Amman Bank	2.12	6	-3.69	6	1.11	8	-4.64	8	18.42	3	11.68	3				
Jordan Gulf Bank	2.43	4	-3.39	4	1.88	2	-3.92	2	18.03	4	11.32	4				
Jordan Kuwait Bank	2.32	5	-3.50	5	1.47	6	-4.30	6	17.60	5	10.91	5				
Arab Jordan Inv. Bank	1.77	8	-4.02	8	1.49	5	-4.28	5	14.50	6	7.98	6				
Bank of Jordan	2.57	3	-3.27	3	1.66	3	-4.12	3	14.48	7	7.97	7				
Jordan Islamic Bank	0.98	10	-4.77	10	0.78	10	-4.95	10	10.48	8	4.20	8				
Jordan National Bank	2.62	1	-3.21	1	1.63	4	-4.15	4	8.88	9	2.69	9				
Bank Almashrek	1.94	7	-3.86	7	1.06	9	-4.68	9	8.09	10	1.94	10				
Syrian Jordanian Bank	0.56	11	-5.16	11	0.45	11	-5.46	11	6.04	11	1.01	11				
Arab Bank Ltd. (Jordan)	0.08	12	-5.61	12	0.07	12	-5.62	12	1.70	12	-4.09	12				
Country average—1983:	1.78		-4.01		1.24		-4.52		13.75		7.28					
1982:	2.09		-4.95		1.48		-5.51		18.22		10.07					
1981:	2.35		-4.97		1.79		-5.49		21.77		13.07					

Note: Ranking order: A=Ascending order, D=descending order

Banks (part three)

	-13-	D Rank	-14-	D Rank	-15-	D Rank	-16-	D Rank	-17-	D Rank	-18-	D Rank
	Return on equity (div paid out)	Same after inflatio-	Profit hand out (div/ profit)	Profit hand out (div/ profit)	Self funding assets	Self funding assets	Loan coverage by equity	Loan coverage by equity	Broader loan coverage	Broader loan coverage	Broader loan coverage	
Bank Almashrek	0.00	8	-5.69	8	0.00	10	1.20	9	166.71	1	213.57	1
Arab Bank Ltd. (Jordan)	0.00	8	-5.69	8	0.00	10	1.8	4	18.08	3	35.86	2
Jordan National Bank	18.00	2	11.29	2	84.82	2	0.73	11	13.36	5	32.90	3
Arab Jordan Inv. Bank	2.00	7	-3.86	7	5.05	9	2.77	1	18.43	2	28.35	4
Citibank, N.A.	42.83	1	34.75	1	127.35	1	NA	-	15.53	4	28.24	5
Bank of Jordan	18.00	2	11.29	2	45.49	5	1.05	10	6.92	10	19.23	6
Jordan Gulf Bank	12.00	4	5.63	4	27.08	7	2.74	2	11.34	7	18.15	7
Jordan Islamic Bank	8.00	6	1.86	6	64.20	3	1.50	6	12.39	6	15.37	8
Syrian Jordanian Bank	0.00	8	-5.69	8	0.00	10	1.25	8	10.99	8	15.29	9
Jordan Kuwait Bank	16.00	3	9.40	3	48.02	4	1.41	7	8.78	9	15.23	10
Petra Bank	10.00	5	3.74	5	8.05	8	2.64	3	3.89	11	9.80	11
Cairo Amman Bank	18.00	2	11.29	2	27.78	6	1.52	5	3.47	12	9.63	12
Country average--1983:												
1982:	12.07		5.70		36.49		1.69		24.16		36.80	
1981:	10.30		2.90		28.71		1.96		24.64		36.17	
	13.05		4.76		31.99		2.19		23.90		34.14	

Banks (final part)

	-19-	D Rank	-20-	A Rank	-21-	D Rank	-22-	D Rank	-23-	D Rank	-24-	A Rank
	Acid test coverage	Share α; liquid assets	Interbank bank exposure	A Rank	Recycling ability (loans/ dep)	D Rank	Invest- ment re- cycling (inv./dep)	D Rank	Contra accounts exposure	D Rank	A Rank	
Bank Almashrek	90.21	1	58.14	12	4.72	6	7.75	12	9.06	9	11.63	1
Jordan Islamic Bank	-1.08	6	35.79	9	0.72	2	63.96	9	4.81	11	12.13	2
Arab Jordan Inv. Bank	12.77	2	55.69	11	15.61	12	66.91	8	8.27	10	16.40	3
Arab Bank Ltd. (Jordan)	-61.64	12	32.90	7	1.26	3	15.83	11	11.49	5	18.38	4
Bank of Jordan	-7.28	9	19.92	2	0.65	1	71.71	5	16.69	2	19.53	5
Jordan National Bank	-4.94	8	17.40	1	1.63	4	77.80	3	25.65	1	19.79	6
Petra Bank	-13.58	11	35.72	8	1.80	9	60.04	10	11.97	4	24.23	7
Jordan Kuwait Bank	-3.16	7	30.89	5	2.02	5	68.26	7	10.75	7	31.20	8
Jordan Gulf Bank	1.00	5	28.87	4	5.93	7	76.62	4	10.56	8	32.59	9
Cairo Amman Bank	-8.81	10	21.49	3	10.22	8	87.26	2	14.67	3	35.86	10
Syrian Jordanian Bank	8.11	4	31.24	6	31.15	11	108.13	1	3.24	12	47.11	11
Citibank, N.A.	9.79	3	50.80	10	27.24	10	69.33	6	11.31	6	52.26	12
Country coverage--1983:												
1982:	1.78		34.90		11.25		64.47		11.54		26.76	
1981:	5.56		37.81		11.33		60.84		9.69		29.76	
	6.69		43.29		13.11		56.28		7.31		31.22	

Note: Ranking order: A=ascending order, D=descending order.

actual performance, maximum loan ceiling and actual performance and the recycling ceiling (the share of deposits authorized by the Central Bank to be lent). The overall ranking is established through scores (above average performance yields an extra point) which, in turn, are translated into percentages to compare the bank in a country with another from a different country. The whole system is based on adjusted balance sheets and Profit and Loss accounts according to an approach standardized for the whole Middle East area.

+ The ratios should not be regarded as a definite measure of performances. Some banks are more conservative than others in their provisions for depreciation such as Petra Bank or Jordan Securities. Others, such as Jordan Gulf Bank, state their fixed assets at cost before depreciation or publish investment portfolio at cost. But most banks, unlike their Saudi counterparts, state loans and advances at cost before provisions for doubtful debts

+ In the case of the Arab Bank which doesn't publish full profit appropriations for Jordanian branches, a number of adjustments had to be made on an equity basis with the Arab Bank Ltd.'s results (which includes branches overseas) but not with the Arab Bank Group results. This was made in order not to penalise the bank for its unconsolidated results for Jordan. However, no dividends was attributed for 1983, thus explaining the drop in ranking.

+ Except for income, all asset figures are treated on an average basis (opening and closing period/2). Directors' fees and quoted "reserves for doubtful debts" are automatically reinserted in expenses and are deleted from profit appropriations, thus showing apparently lower after tax profits. Contributions to University fees are treated as a compulsory tax.

CSO: 4400/7

SOUTHERN GHAWR DEVELOPMENT PROJECTS DESCRIBED

Amman THE JERUSALEM STAR in English 30 Aug-4 Sep 84 p 7

[Article by Pam Dougherty: "Wadi Mujib and Southern Ghors Project--Southern Agriculture Gets Its Turn"]

[Text]

THE WADI MUJIB and Southern Ghors of Jordan have been farming areas since the early Iron Age, (c. 3150 — 2150 B.C.). THE SETTLEMENT OF Bab ed Dhra, north of Karak being just one of a series of fortified towns along the Ghor. But, in the push to develop the more accessible Jordan Valley the farming regions of the south have tended to be neglected. Now, as the Jordan Valley Authority gets well underway with the first stage of the Mujib and Southern Ghors project, and makes plans for the second stage, the region seems set for a revival that would leave the Iron Age farmers of Bab ed Dhra gasping.

The scheme will convert 24,000 dunums of land, now irrigated by canals and run off from side wadis, to drip irrigation and bring up to 89,000 dunums under cultivation for the first time, also using drip irrigation.

The project is in two stages and involves several small schemes. The first stage includes the building of civil works, housing units and infrastructure. Civil work at Ghor Al Safi was completed in 1982 those at Ghor Thiraa', Haditha

Mazra'aa, Fifa and Khanzreh were begun in 1982 and are due for completion in February 1985. Under stage 1, 46,000 dunums should be brought under drip irrigation.

Under the \$186.2 million second stage a 48 metre high diversion dam will be built in the Wadi Mujib and another, the Tannour, will be built in the Hassa Valley.

Beneficiaries

This stage will provide water to irrigate up to 56,000 dunums. But JVA Vice-President Fahd Natour points out that 112,000 dunums under the two stages may be difficult because of a shortage of water.

The immediate beneficiaries of the scheme are the present 15,000 residents of the area, but Dr. Natour expects that the development will attract new population. First to come will probably be farmers who own land in the area but who live in Kerak and nearby villages. At present they only stay in their land for 10-15 growing seasons, with total or semi-permanent and more temporary settlements. They will now be staying longer. The number of people involved in non-farm activities such as education, health and those in the

construction support fields will increase.

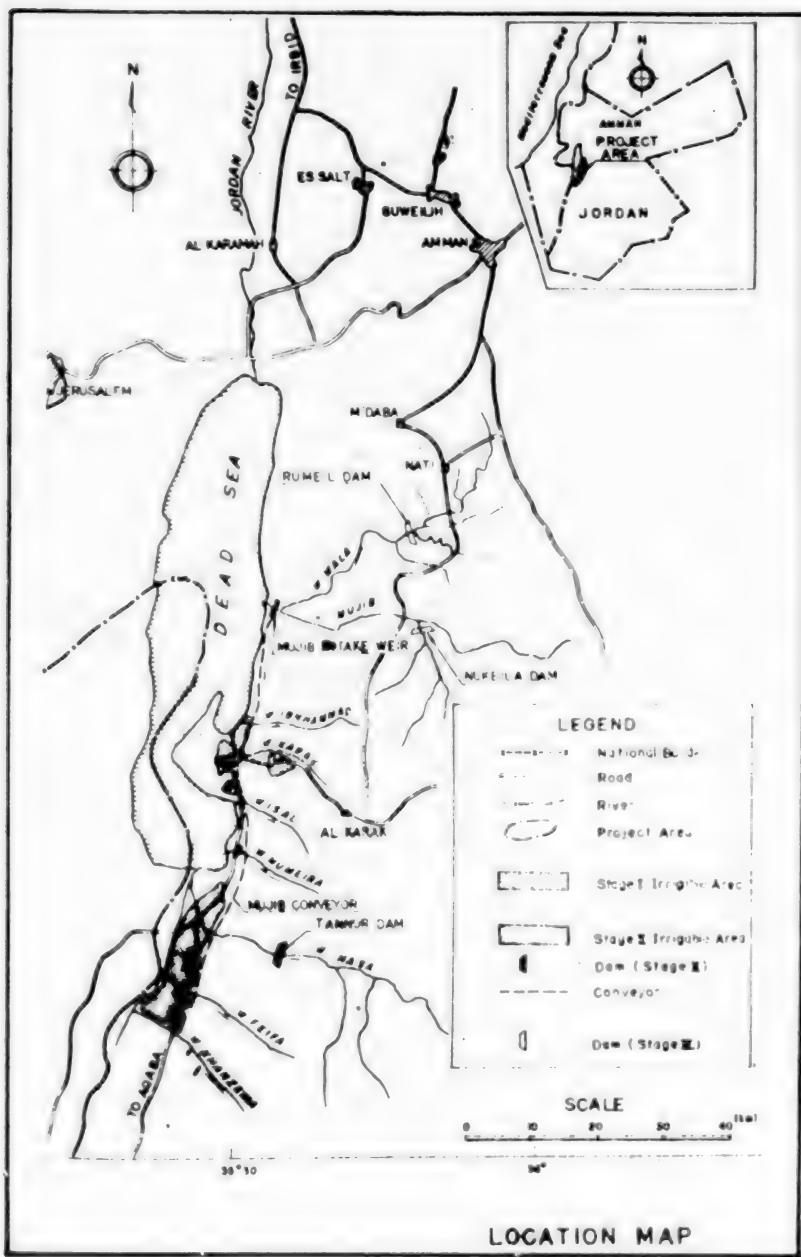
Once the civil works for the scheme are complete, the JVA will follow procedures developed in the Jordan Valley for assuring new land. All land is expropriated, divided into suitable plots and then be distributed according to a formula that gives farmer land in proportion to their previous holdings with 200 dunums as a maximum for any landowner. The farmers are responsible for the installation of the irrigation equipment but can get loans from the Agricultural Credit Corporation for this purpose.

To prevent speculation, farmers can only re-sell the land to the JVA at the price they paid plus or minus improvements or depreciation.

As with the Jordan Valley, the scheme calls for an integrated socio-economic development and schools, health facilities and housing are an integral part. Existing villages are re-organised and new ones will be established on land not suitable for farming. Each farmer is entitled to a building plot and can obtain a loan of up to JD 2,500.

Markets

In the first three years, all the



on vegetable growing. Although Jordan's vegetable growers have had serious problems in marketing their crops in recent years, Dr. Natour believes that if they learn to grow the right crops at the right time they will be able to market them successfully both in Europe and in the Arab World.

Dr. Natour says that in the case of Lebanon and Syria there will always be scope for the sale of very early tomatoes and cucumbers and Iraq is unable to produce enough for the home market throughout the year. The Gulf countries and Saudi Arabia are making serious efforts to become self-sufficient in vegetable production. But Dr. Natour points out that at present most Saudis follow their traditional diet which includes very few salads or vegetables. He believes that as modern life influences their diet, Saudi Arabia will not be able to meet the growing demand for these items itself.

In Europe there are possibilities for early vegetables or special crops that do not challenge the established markets of Common Market growers. Dr. Natour says that the Southern Ghor farmers can actually help the marketing situation with their early vegetable crops by making Jordan a longer and more reliable supplier for other countries.

Marketing and processing of vegetables should be handled by the newly established marketing company which is now responsible for processing and marketing Jordan Valley produce. One of the valley processing plants is equipped to produce tomato paste, juice and canned whole tomatoes. Dr. Natour would like to see processing extended to other vegetables so that the marketing company can offer more variety and build a stronger reputation.

Dr. Natour says the government hopes to support the work of the marketing company by establishing a marketing intelligence unit and by encouraging the systematic study of cropping patterns to prevent the problems of surplus and shortage.

CSO: 4400/7

LEBANON

RIZGARI PARTY HOLDS FIRST CONGRESS

Nicosia AL-NASHRAH in Arabic No 9, 23 Jan 84 pp 24, 25

[Interview with Jamil Hasan, the new secretary general of the Rizgari Party:
"Three Leaders for One Party: the Lebanese-Kurdish Rizgari Party"]

[Text] The new secretary general says that Faysal Fakhru
is a tool of the Deuxieme Bureau in Lebanon.

The former secretary general's "group" accuses the new group
of being small men who think they are giants.

Late in November 1983 the final communique on the agenda of the first Congress of the Lebanese-Kurdish Socialist Rizgari Party was distributed. This communique included quick details about the agenda of the congress that was held on November 16 and 17. It also included the resolutions that were issued by the congress.

Now, before talking about this congress and this party, we must pause briefly to consider its background and its history.

The Lebanese-Kurdish Rizgari Party was founded in Lebanon in 1975 in accordance with a permit issued by the Lebanese government then. The Kurdish word, Rizgari, means deliverance.

When this party was organized, it joined another Kurdish party on the scene in Lebanon, the Kurdish Democratic Party, which is led by Mahu. Rizgari Party officials say that their party was founded because the Kurdish Democratic Party did not meet the demands of the Kurdish people in Lebanon. Therefore, a search for an alternative was initiated, and the Rizgari Party was established on 1 April 1975. Because the Kurds in Lebanon make up the toiling classes--workers, and specifically service workers--the party's organization relied on them.

During Lebanon's civil war a new party, the Leftist Kurdish Party, was added to Lebanon's Kurdish parties. This party established close relations with different Palestinian and Arab factions. But after the departure of the Resistance from Lebanon this party was subjected to oppression that was carried out against it by the Lebanese government. That oppression caused the party to reduce or suspend its activities. However, a Kurdish party presence continued through the two

formerly mentioned licensed parties, the Democratic Party and the Rizgari Party. A Rizgari official said that his party represented the majority of the Kurdish people in Lebanon even though the party was subjected to a severe division in 1976 when a segment of the party joined forces with the Iraqi regime. That wing was led by Faysal Fakhru. But the other faction, which was led by 'Abd-al-Karim Ibrahim supported "the Syrian initiative." Both factions of the party had had an armed wing that had taken part in the civil war against the Lebanese front. Many of those people lost their lives in that war.

The party has a position newspaper called (KHAH BAT). It means the struggle. The party is led by a central committee whose strength comes from the fact that it is elected by the membership. This central committee elects a general secretariat.

Subcommittees and local committees make up the lower organizational structure of the party.

Early in 1982 new disputes occurred in the party; these were focused against the secretary general, 'Abd-al-Karim Ibrahim, who was ousted at the recently held first congress of the party where a new secretary general, Jamil Hasan, was elected. AL-NASHRAH conducted this quick explanatory interview with Mr Hasan.

The Interview

[Question] What percentage of the party's members did your first congress represent?

[Answer] Our congress was the congress of the majority of the party.

[Question] What is your principal objection to the previous secretary general whose ouster was effected by a decision that the congress made?

[Answer] He created a bureaucracy within the party. Also during the Israeli invasion of Lebanon 'Abd-al-Karim Ibrahim stayed in Damascus and kept the party from taking any action in the media and in the military.

The congress determined the reasons for his ouster as follows:

--Having sole access to the party's finances.

--Failing to carry out the duties with which he has been charged.

--Withholding the party's weapons and not delivering them.

--Not adhering to the party's bylaws.

[Question] What about the other secretary general, Faysal Fakhru?

[Answer] Faysal Fakhru and a small group of people from the party dealt with the Iraqi regime. Now he is dealing with the Deuzieme Bureau in Lebanon. All that he is doing now is helping have young nationalists in the Kurdish Movement arrested.

[Answer] Yes, we took part at principal points in al-Rushi and north Beirut, and our colleagues lost their lives in the battles.

After the invasion we organized our ranks in the mountains, and the party set up its military bases in the centers of Baysur, Qabr Shamun and Kayfun.

[Question] Was this done with the knowledge of 'Abd-al-Karim Ibrahim?

[Answer] No, because he opposes the establishment of military bases for the party.

[Question] Where do you place yourself on the political spectrum?

[Answer] The goal of the party is scientific socialism. Therefore, we decided at the congress to change the name of the party and to call it the Lebanese Socialist Rizgari Party.

[Question] Do you then consider yourselves Marxist-Leninists?

[Answer] We are closer to that.

[Question] What is your relationship with the Kurdish parties?

[Answer] We have relations with the Labor Party of Kurdistan in Turkey and with the Democratic Party of Kurdistan in Iraq.

[Question] What about Syrian-Kurdish parties, considering your relationship with Syria?

[Answer] We have nothing to do with them.

[Question] What is your position on the Kurdish question in its entirety?

[Answer] We support the Kurdish people's right to determine their own destiny, and we support their course of struggle and liberation.

[Question] Do you find any response among the Kurdish people in Lebanon?

[Answer] Although Faysal Fakhru is being used by the Deuzieme Bureau and in spite of the official support for him, we do find that the Kurdish people in Lebanon are responding to us because no other Kurdish party but ours is adopting a military confrontation against the Lebanese regime. The purpose of this confrontation is to achieve gains for our Kurdish people who are being driven out of their homes and whose citizenship is still being considered.

[Question] Are there any party members who are under arrest?

[Answer] Yes, there are seven people who are detained in al-Yarzah Camp, which belongs to the Lebanese army.

[Question] You mentioned that 'Abd-al-Karim Ibrahim withheld weapons and froze the status of the party during the invasion. Did party members take part then in the fighting?

What does 'Abd-al-Karim Ibrahim Say?

A clarification issued and signed by the Central Committee of the Kurdish Rizgari party in Lebanon and dated 3 December 1983 stated, "A few conspirators against Lebanon and the party issued a statement in mid November in the name of the party. The statement made a few false accusations against the secretary general of our party, 'Abd-al-Karim Ibrahim. This was an attempt to scheme [against the party] and to destroy it. According to the text of that statement, it seemed that those who have been emotionally disturbed did not get well yet and that the small men still daydreamed about being giants." The clarification added that that small group of people had nothing to do with our party and did not represent anything in it. It was a small group of sick people who are opportunists and whose relations are suspect.

Sections from the Communique of the First Congress

Notwithstanding the disputes, accusations and counter-accusations, the first congress that was convened by the faction of Jamil Hasan issued a comprehensive political communique that touched upon a group of main topics and principal issues, particularly those that have to do with the status of the Kurds in Lebanon. We cite the following selections from this document.

Regarding the Political Situation in Lebanon

"The first congress of the party sees the Zionist occupation as a threat to the unity and sovereignty of Lebanon. Accordingly, the threat posed by U.S. policy is not less dangerous, with regard to its objectives and its consequences. This danger grows as U.S. intervention in Lebanon's affairs and in the affairs of the region grows."

"The situation in Lebanon, with its complications, its local and international implications and the ongoing war, has proven that all attempts to turn the balances of power in favor of imperialism, Zionism and their clients in Lebanon have reached a dead end. These attempts have led only to more destruction and more victims. In this regard current attempts that are being made to bring about a reconciliation must take into account the interests of all groups of people. They must also take into account the development of a democratic, Arab Lebanon; a guarantee of Syria's security; abrogation of the Israeli, American, Lebanese agreement; and, eventually, the withdrawal of U.S. troops that are present in the country under the guise of the multi-national forces. The enemy must be forced to withdraw his troops in accordance with UN resolutions 508 and 509 which were issued on 16 and 17 September 1982. Otherwise, Lebanon will become the scene of continuous military escalation which could expand to involve the entire Middle East area. This would threaten the unity, the security and even the very existence of the peoples of the area."

The Situation in Kurdistan

"As the mode of conflict in the area is escalated, the struggle of our Kurdish people becomes increasingly more important because of the clear effect that struggle has on liberation movements in both the Near and Middle East. As the revolutionary forces for the liberation of Kurdistan grow and as their effectiveness increases, reactionary colonialist forces try to tighten their grip on

the people of Kurdistan. They impose on them the worst kinds of war: they arrest them, execute them and wage against them a war of annihilation whose victims will be thousands of our people. This will be done in an attempt to keep the Kurdish people under the influence of foreigners and to make Kurdistan a base for the counterrevolution from where war can be waged against revolutionary forces and against progressive regimes in the area."

"What has been clearly noticed in Turkish and Iraqi Kurdistan is that the two Fascist regimes are acting deliberately to achieve higher grades of military and political coordination and cooperation to strike the National Movement of Kurdistan in the liberated areas. At the suggestion of the worldwide imperialist camp, specifically NATO, and with its help these two regimes are trying to translate that cooperation into facts. As a result, the people of Kurdistan and their fighting forces are being subjected to a series of attacks and destructive wars which they are resisting forcefully and resolutely. The people of Kurdistan are making steady progress in their search for liberation despite the extremely difficult conditions of the struggle."

"The growth of the Revolution in Kurdistan will deal a strong blow to colonialism and to its interests in the area in general. Instead of Kurdistan becoming a foothold for American and colonial bases worldwide, our people are fighting so that Kurdistan can become the solid ground for all the peoples of the area and their liberation forces. The policy of oppression and aggression that would turn Kurdistan into a prison for honorable revolutionary fighters among our citizens has always proven to be futile, and it has failed to stop the course of democracy that our people have begun. As the hostile attacks against all the peoples of the area escalate, the revolutionary and progressive forces of Kurdistan work tirelessly to strengthen their relations of struggle. They work side by side, in the same bunker with the peoples of the area. They join them in their struggle and in their destiny against all hostile plans. This course of solidarity is giving the area new impetus, and it must be upgraded to a maximum so that the dangers of the coming stage can be confronted."

Regarding the Status of Kurds in Lebanon

"The Lebanese Kurdish masses are still being subjected to a growing policy of harrassment. Controls are being tightened on them, and they are being deprived of their simplest civilian and social rights. This policy which has been pursued for scores of years is now being escalated in a grave and unprecedented manner. Kurds whose identity cards are still being considered are being forced to leave their homes, while others are being forced to leave by numerous methods and means. The only justification for such actions is the fact that they demonstrate the malicious isolationism and the reactionary policy of the Lebanese regime and its repressive agents."

"The fact that the Lebanese government and local isolationist forces are singling out our Kurdish masses is part of a general reactionary plan which has targeted the struggles of the struggling national masses of Beirut. However, that plan does affect our Kurdish masses for numerous reasons. The most important of these is the collapse of some Kurdish parties and the fact that some of them joined the isolationist forces. It is this that has created a national political vacuum among the national Kurdish public and has divested that public of a political framework that can protect its legitimate presence."

"In this context the congress affirms at this stage the need to beef up the party's struggle and strengthen its political and military capabilities. Preparations are to be made for all the possibilities that our Kurdish masses, those masses that are subject to domination by an isolationist group, will face. Accordingly, the party is to be prepared to play its role. This is what is placing a heavy burden on the party's shoulders, requiring it to take up its combat position alongside the Lebanese National Forces under the banner of the National Deliverance Front. In this context our party is hoping that all national leaders, chiefly the staff of the Deliverance Front, will adopt those crucial questions that concern all classes of the people of Lebanon as well as those issues that have to do with our Lebanese Kurdish masses so that the tyranny and injustice that the people have been afflicted with can be eliminated. The congress also affirms in the name of these Kurdish masses that it will join the forces of the national rank in their struggle and in their destiny. The congress affirms it will do so in the face of American and Zionist plans and the sequels to those plans so that the Lebanese people's objectives and aspirations for social justice can be achieved."

8592

CSO: 4404/647

WORK CONTINUES ON PUMPING STATION IN EUPHRATES VALLEY

Damascus TISHRIN in Arabic 31 Jul 84 p 3

[Article by Salma (Karkutli): "The Euphrates Dam Excavators Continue Their Work: Reclamation of 50,000 Hectares of Land West of Maskanah, and Construction of a New Pumping Station With a Capacity of 90 Cubic Meters Per Second"]

[Text] There are vast dirt-covered areas all around you, you are witnessing the swirling dust of summertime, and wherever you go you are surrounded by the red color of this dirt and dust and you are surrounded by dirty faces which have been darkened by the sun. The scene here is that of machinery, loud voices, and backbreaking work. Even riding in a vehicle in this area seems to be hard work because the roads here are so difficult to drive on.

In short, here you are in a vast arena of combat, and you do not know where this arena begins or where it ends. But due to the vastness of this area, one feels that something extraordinary is going on. This something is a particular job which is difficult to carry out, but it is important.

But what you see is something which resembles a red desert that surrounds simple and quiet villages where one notices only a few green crops--or rather, one sees not much more than a tree or a vegetable garden. In view of this scene, one cannot help but ask oneself the question: "What is it that makes them stay here? How can they take all of this hardship?"

Life here, with its tranquility and simplicity, is tough. It is hot, it gets cold, it is far away from everything, and there are all sorts of deprivations such as the lack of really good drinking water and the lack of even the smallest amenities considered normal by civilized human beings. What is life like for those who work under the burning rays of the sun or in the fierce cold of winter? What is life like for these people who travel dozens of kilometers each day both to and from their places of work? What is life like for these people who have left the towns that they have come from--towns which, in the worst of cases, provide them with an easier life than this place does?

This question seems to even more persistently suggest itself when you are no longer taken by surprise as you were during your first visit--that is, when you have come again and again and see the same persons, the same tired faces, the same leathery hands which are hard and tough, and when you and these workers greet each other with heartfelt sincerity and you do not wish the look of surprise in your friendly smile to be taken the wrong way. At this moment, when you feel a sense of surprise and are slightly embarrassed because of this, you keep on asking yourself this question or two which have been running through your mind. Nevertheless, you soon overcome this weird moment and firmly grasp the hand which greets you when you hear the greeting: "Greetings to you, my friend."

Perhaps I have gone overboard in expressing the feelings that I had while on my way to the various work areas where they were building a dam, putting up a huge pumping station, or reclaiming barren land.

In this particular case I was on my way to Maskanah in order to see the new construction that they had done there. I wanted to see how far they had come with it and what they were doing in this exhausting climate where one does not know whether his clothes are sticking to his body or his body is expanding and bursting through the seams of his clothes.

To Another Maskanah

Maskanah used to be closer by. It used to not take so long to travel by car between Madinat al-Thawrah [the City of the Revolution] and the work sites. However, since the 21,000-hectare project has been completed and this area has already begun to be utilized, the work sites are now located closer to Aleppo.

This is why it took about an hour to get to the work site al-Babiri, which is the location of the new pumping station. While I was riding there, I enjoyed talking with the driver from al-Hasakah who knew many Assyrian myths as well as tales of love and marriage.

Finally we got to al-Babiri. As far as I am concerned, work sites are pretty much all alike. This work site did not differ much from the management site for the 21,000-hectare land reclamation project which I had seen before where the rooms had been put together haphazardly--with their large windows and with vehicles parked in a small nearby area.

This work site resembled other work sites, but the work going on there was a new job. They had accomplished quite a bit, and the previous project had been completed within a reasonable length of time in view of the amount of work that had to be done. New work and new jobs were now being accomplished.

50,000 Hectares of New Land

It all starts with al-Babiri. This is the location of the headquarters of the Maskanah West project--a project involving the reclamation of 50,000

hectares of land. Of these 50,000 hectares of land, 37,000 will actually be suitable for agriculture. As in the case of the project which preceded it, this project includes the construction of suspension canals and underground canals known as "covered drainage canals," and in this case the drainage collecting canals are also covered.

I asked Engineer Khalid Tilawi, head of the Maskanah land reclamation project: "Is it a complicated job?"

He answered: "Of course it is. But we are used to jobs of this type."

Hard jobs have become their specialty, and they have become skilled at simultaneously coordinating different jobs involving the employment of thousands of workers which are being done at work sites all over an area covering 50,000 hectares. But the ability to do this job is not something which they learned overnight. The main personnel staff of this large-scale operation consists of engineers, some of whom lived in the first tent that was put up at the Euphrates dam work site or who were there during the years of feverish work on the dam. For years and years they have experienced both the difficult nature of life in the eastern area of the country and the unique circumstances of working there.

Some Figures

It is a dull subject when one quotes statistics dealing with total work accomplished, concrete, industrial construction work, tent pegs, earthen construction work, reinforcing iron, and so on. But it does translate into terms of actual accomplishments all of the activity which one sees going on near at hand and in the distance.

This being true, let us look at some of the statistics dealing with the total volume of work required to be accomplished during the implementation period of the first part of the Maskanah West project which covers a total area of 16,000 hectares.

The main canal is 30.2 kilometers long. It consists of earthen construction work and concrete construction work which is measured in terms of units of 1,000 cubic meters and it requires a great deal of industrial construction work.

The secondary and field canals are 919.4 kilometers in length. This also will require a great deal of digging and filling in as well as tons of concrete and reinforcing iron construction work. In addition to this, during the first stage ground-leveling work will be done on a total of 16,000 hectares of reclaimed land, and this will require a huge amount of digging and filling in. Furthermore, there will be a total of 1,258.4 kilometers of covered field drainage canals, 277.9 kilometers of covered drainage collecting canals, and 118.7 kilometers of open drainage collecting canals.

All of this is in addition to the network of roads, the supply canal, and the pumping station.

Pumping Station

So far the most remarkable of the jobs being accomplished in this project is the construction of the pumping station. Not only will this pumping station be the place of employment for a large number of workers. It will also constitute a huge structure of iron rods and poured cement.

Even at this stage we can clearly see that this will be an extremely important project because this pumping station will be providing irrigation water for from 100,000 to 125,000 hectares of land in the plains around Aleppo.

Water will come to the pumping station through a 3,300-meter-long supply canal, and then the water will be raised to an elevation of 91 meters and will be pumped at a rate of 90 cubic meters per second. Thus the capacity of this station will be twice as much as the first station in Maskanah--whose capacity right now is 42 cubic meters per second.

This pumping station will have 14 pumps, the capacity of each of which will be 6 cubic meters per second. There will also be 4 pumps, each having a capacity of 5.1 cubic meters per second.

The water will be elevated by means of 14 propulsion pipes, the diameter of each of which is 160 centimeters, and will then be collected in 3 propulsion pipes, the diameter of each of which is 324 centimeters and the length of each of which is 1 kilometer.

The water will flow through this system of pipes until it reaches a collecting siphon, and from there it will go through the main water supply canal as far as the Aleppo area. This main water supply canal will be 72 kilometers long and its rate of flow will be 90 cubic meters per second.

Heroic Excavator

These dry statistics represent achievements accomplished by men who are working side by side with experts from the Soviet Union--experts who have demonstrated their competence and their friendship ever since work in this area began.

We wander around the dam site where the statistics represent achievements accomplished by the workers who put interlocking reinforcing iron rods in place and built the cement walls that are standing there.

We go up the wooden steps used by the employees there and enter the central area of the pumping station--the pumps there are huge and the walls there are grey and thick.

When we pass by the welders working there, they smile to us through the mazes of iron rods.

I asked: "Where do you get your workers?"

Mr Tilawi said: "They come from the surrounding villages. Some of the technical workers come from Aleppo and the rural area around Aleppo."

I then asked: "That makes it difficult, does it not? How can a local worker, who has never done any type of industrial work before, learn to do this type of work?"

He answered: "We did have problems. They used to break some of our machinery because they were perhaps perplexed, or because they felt that they were in danger or they were afraid of what we were going to do. But now they come to work for us and their attitude toward our machinery is no longer one which is destructive for us."

We left the station, got in the company car, and Mr Tilawi familiarized me with some of the stages of the work going on. We stopped at a location where they were using the excavator which excavated the area for the hydroelectric power station at the Euphrates dam. Mr Tilawi then proudly said: "It is 17 years old, and it is still being used. It is a tremendous piece of machinery."

He spoke of this piece of machinery in loving terms as one would speak about a girl. I then turned back once more to take a picture of it. My image of it changed. From a distance I had only seen it as a piece of machinery that was working and it had not occurred to me to ask exactly what job this piece of machinery did. But here in front of me was a long canal, most of which had already been dug.

We then stopped in front of the excavator for a moment, as if to salute a combat unit which had been victorious in all of its battles. We saluted the heroic excavator.

This is a phenomenon which one only notices in this area. At the al-Ba'th dam there are cranes and excavators which began to be used at the end of the sixties on the construction of the Euphrates dam.

These pieces of machinery were brought in to be used again, and it is as if they were just imported today.

I asked: "How do you keep these pieces of machinery in such good shape after all of these years?"

He answered: "We constantly maintain them, and we have a base with good machinery maintenance shops. These are also positive features of the dam."

We then continued the tour and came to the place where the project's first farm area will be. Right now it is nothing but dirt and land fills. There are problems that they do not go into great detail about because there is no time to do this. Time is money here, and each hour is measured in terms of the amount of production achieved.

As for why the workers stayed here to work, the answer to this question is an easy and simple one and involves no complications or personal inclinations. The workers were staying here because they want to do something important for their country.

This is the only thing which would compel them to endure this daily existence in the boondocks.

I salute those who are staying here amidst all of the dust, heat, and cold. I salute the old excavators and cranes which have already passed through their stage of youth and are still strong.

I salute you silently--because I am struck speechless with amazement at the heroism of each and every one of you.

9468
CSO: 4404/1

IDLIB AGRICULTURAL BANK LOAN FIGURES PRESENTED

Damascus TISHRIN in Arabic 3 Aug 84 p 3

[Article by Ibrahim 'Abd-al-'Aziz: "The Idlib Branch of the Agricultural Bank Extended Loans Totalling 12 Million Syrian Pounds During the First Half of the Year"]

[Text] The volume of loans made by the branch of the Agricultural Bank in the Province of Idlib to the cooperative sector during the first half of this year totalled more than 7,397,000 Syrian pounds, and loans made by the bank to the private sector totalled more than 5,521,000 pounds. Thus the total in loans extended to these two sectors amounted to 12,918,000 pounds. These figures were given by Mr Ahmad Shu'ayb, head of the office concerned in this branch bank. He went on to say the following:

"As far as short-term seasonal loans are concerned, the bank loaned out the following amounts:

1. For the cotton crop--1.157 million pounds.
2. For grain crops--365,000 pounds.
3. For potatoes--1.3 million pounds.
4. For poultry--422,000 pounds.
5. For forest cultivation areas--1,100 pounds.

"The bank also extended the following 5-year medium-term loans:

1. For tractors--3.4 million pounds. This resulted in the purchase of 72 tractors.
2. For engines--2.62 million pounds, or the equivalent of the purchase price of 54 engines.
3. For harvesters--335,000 pounds, or the equivalent of the purchase price of 6 harvesters.

4. For poultry--235,000 pounds. This served to meet the requirements of 19 poultry farms.

5. For cows--561,000 pounds, or the equivalent of the purchase price of 67 cows.

"All of this is in addition to the 868,000 pounds lent to the cooperative sector and the 220,000 pounds lent to the private sector in the form of 10-year long-term interest-free loans to be used for afforestation projects."

I asked Mr Shu'ayb: "How about loan repayments to the bank?"

His answer was: "The date of 30 July 1984 was the maturity date for 2.1 million pounds of loans made to the private sector. Of this total, 500,000 pounds constituted developmental loans and loans for agricultural machinery and 1.6 million pounds constituted loans for winter seasonal services and for poultry farms.

"So far 1,580,000 pounds have been repaid, and the remainder is in the process of being repaid.

"As for the cooperative sector, 30 July 1984 was the maturity date for loans totalling 900,000 pounds. So far 898,000 pounds of this amount have been repaid.

"It should be pointed out that a total of 12.5 million pounds worth of loans were due to be repaid by the end of last year. Nearly all of this amount has been repaid--and of this total amount the repayment of only 28,900 pounds has been postponed till this year. Thus the rate of repayment for last year was 99.9 percent."

I then asked Mr Muhammad Tahir Sa'id, head of the Warehouse Division, the following question: "How about the situation as far as fertilizers and pesticides are concerned?"

He replied as follows: "By the end of the first half of this year we had sold 1,225 tons of triple super[phosphate] fertilizers, 1,294 tons of urea fertilizers, 524 tons of calcium nitrate fertilizers, 193 tons of potassium sulfate fertilizers, and 18 tons of ammonium nitrate fertilizers. The total value of these quantities of fertilizers amounts to about 3 million pounds."

Concerning the degree to which there are enough fertilizers for the requirements of the province. Mr Sa'id said: "Of course, the stocks of fertilizers which we have at the present time (the date of this article being 22 July 1984) will not be sufficient for the area served by our branch till the end of the year! However, our fertilizer shipments are continuing to arrive. But we hope that, during the beginning of the winter planting season, there will be no bottlenecks preventing the arrival of our fertilizer shipments from the Hims Fertilizer Company as has happened during some of the other planting seasons!"

"A total of about 900,000 pounds worth of pesticides were sold in the area served by our branch during the first half of this year.

"As far as pesticides in particular are concerned, we can assure you that we have enough to meet the requirements. There will be no bottlenecks or crises as far as providing pesticides is concerned. In fact, we have about 100 different types of pesticides!"

I then asked the head of the branch whether or not there were any obstacles to the work being done by the branch, and he said the following: "We have a sufficient number of employees and we have large and good storage units. However, we have only one vehicle for [loan repayment] collection purposes and for all of the work done by the branch!"

9468

CSO: 4404/1

NEW DAMASCUS SEWAGE PROJECT DISCUSSED

Damascus TISHRIN in Arabic 31 Jul 84 p 2

[Article: "2 Billion Syrian Pounds for the Implementation of the New Sewage System Project in Damascus"]

[Text] A general study dealing with the new sewage system project in the City of Damascus has been completed. It was done by the British firm which was contracted to undertake this study.

Mr 'Adnan Qawli, governor of the City of Damascus, told us the following: "The implementation of the project dealing with this sewage system, whose sewage lines will be about 90 kilometers long and will include all of the streets of the new areas of the city as well as the alleys of the older areas of the city, will be put up for international bidding."

He added: "The cost of this project will be about 2 billion Syrian pounds, and the project will take about 10 years to be completed."

He went on to say: "The topographical survey as well as the soil investigation work have already been completed. We have also received all of the design sketches of the sewage system lines, the river control works, and the treatment plant."

He mentioned the fact that work has already begun to produce studies dealing with the removal of all of the drainage pipes from the tributaries of the Barada River from the point where they enter the City of Damascus till the point where they leave Damascus. This will include all of the areas of the city and its suburbs.

Mr Qawli also said: "This sewage system project will contribute toward putting an end to the problem of pollution in the city and will raise the level of public health in it. It will stop the spread of illnesses and epidemics resulting from pollution of the rivers and will make the water in these rivers suitable for irrigation of the trees in the al-Ghutah Oasis, with the result being that the fruit from these trees will be free of germs."

The governor of the City of Damascus also went on to say: "The Public Health Department in the City of Damascus is working on the preparation of a study dealing with improvement of the river beds of the Yazid and Tawra Rivers. This will involve sealing off these two rivers, deepening the river beds until they reach their normal level, covering the walls of the rivers with concrete, and constructing retaining walls for the two rivers which will replace the walls they have now which are cracking.

"In addition to this, some parts of the two rivers which are located in the zoned areas [of the city] will be covered."

He added: "Wells will be dug along the course of these rivers for the purpose of increasing the water flow in them in order to eliminate polluted waters and the smells coming from these areas. With regard to the main channel of the Barada River which flows through the heart of the city, a contract has been signed with the Military Housing Organization dealing with sealing off this channel and eliminating the pollution in it.

"Furthermore, a contract has been signed between the City of Damascus and the Jabal Qasiyun Company to have the company renovate the sewage system of the streets located higher up in the Rukn-al-Din area. The company will begin implementation of this project within 1 month, and the value of the contract totals 7 million Syrian pounds.

"This project will help maintain the level of public health required for the inhabitants of these streets and will prevent the spread of illnesses and epidemics there."

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PLANS, PROJECTS FOR CONTROLLING THE AL-'ASI RIVER DISCUSSED

Damascus TISHRIN in Arabic 3 Aug 84 p 5

[Article by Samir Sarim: "The Status of the al-'Asi River, the Projects That Are Under Way, and the Projects Proposed to the People's Council: Control of Water and Underground Water Reserves and the Channeling of Water Constitute the Beginning of the Road Toward the Agricultural Revolution"]

[Text] Various studies which have been conducted by water and irrigation experts tell us that the country will suffer a water crisis in the future if things remain as they are today and if there is no implementation of [new] proposed projects to utilize Syria's rivers and existing sources of irrigation and if there are no efforts to accomplish research and make optimum use of currently-existing projects. This is particularly important because the utilization of every available drop of water in the country--via the construction of dams on our rivers, tributaries, and valleys--is something which will provide us with the ability to achieve the following:

1. Providing the water necessary for irrigation, drinking, and industry.
2. Preventing agricultural lands, towns, and villages from being flooded in the wintertime.
3. Providing the electric power necessary for our lighting system, for operating the factories which we have throughout our country at the present time, to operate factories which may be constructed in the future, and to provide for our current power needs.
4. Increasing our fish resources and helping to develop them where these dams are located.
5. Feeding and improving our sources of ground water in order to make optimum utilization of them in irrigation and in agriculture.

In view of the above, there must be sufficient interest in accomplishing the projects proposed for our rivers and tributaries in order that we avoid a possible water crisis in the future, in order that we have sufficient water

to take care of our pressing requirements and increase the total land area that we have under irrigation, and in order that we consequently avoid a tragedy which might occur in the foreseeable future. This is the opinion of a People's Council committee which was formed in order to study the status of the irrigation projects on the al-'Asi River and proposals to overcome some of the problems.

Due to the importance of the al-'Asi River, which flows through important agricultural areas containing a population of more than 2 million persons, in addition to the numerous factories which are located on the banks of this river and the dams which have been constructed along this river's bed, we will shed some light on these projects and inform you concerning some of the proposals to develop them.

In addition to this, one should know that the quantity of water from the al-'Asi River which is estimated to go to waste every year is more than 1 billion cubic meters. For this reason, our nation's political leaders became interested in constructing dams on the al-'Asi River in order to take care of future water needs and in order to put an end to this ever-increasing waste of water. This approach is one which will achieve expansion of our total area under cultivation in order that we be able to reach an integrated solution to our nation's agricultural problem. This is why we have already begun to study the water sources and water level of the river, and this will lead to us discovering the optimum means of utilizing the river.

Current Situation

Before giving a presentation of the projects which have already been achieved and those which are being proposed, let us point out the fact that the river is 571 kilometers long and 325 of these kilometers are located within Syrian territory. The average annual drainage rate of the river, before it enters Lake Qattinah [Lake Hims], is 12 cubic meters per second. Also, the 'Afrin River is one of its most important tributaries.

The upper al-'Asi basin contains irrigated areas estimated as totalling 5,250 hectares, and it is possible to irrigate 8,000 additional hectares in this area. The most important projects in this area are the five canals project at the Syrian-Lebanese border and the project for supplying drinking water to Hamah.

Canals Project

Five earthen irrigation canals branch out from the river. The quantity of water lost from these canals is very great. They consume approximately 4.5 cubic meters per second of the river's water. However, if this water were used properly and the canals were improved, it would be possible to irrigate much larger areas than those which are irrigated at present.

Hamah Water Supply Project

The Hamah water supply project is one of the most important drinking water supply projects located on the al-'Asi River. The project was carried out by means of Syrian technical personnel utilizing advanced and high-level technology. This project supplies water to Hamah and to about 50 villages and farms. Accomplishment of the project is to be achieved in two stages. At present the project is in its first stage, the completion of which will enable the river to supply about 1.8 cubic meters per second to cover requirements till the year 2000. The second stage will then begin, and this stage will involve adding a water line similar to and parallel to the first water line, and it will provide the city of Hims with some of its water. However, the population located in the vicinity of this project is rapidly increasing, and this means that it will be necessary to not wait till the year 2000 to begin to implement the second stage. In fact, it will be necessary to begin the second stage immediately.

In the Middle Basin

This portion of the river extends between Qattinah and al-Qarqur, and many projects have been constructed in this area. They include the Qattinah Lake project. As we know, Qattinah Lake is a body of water which is of extreme importance. It is important because it has a dam which raises the water level in order to provide the Hims-Hamah irrigation network with water, to supply the factories constructed along the lake with the water necessary for cooling, and the lake also supplies water to nearby agricultural enterprises.

But the problem is that the lake loses an estimated 55 million cubic meters of water per year due to evaporation. For this reason, it was urgently necessary to reconstruct the lake, reduce its total water area, and make repairs in it.

There is also the Hims-Hamah irrigation project on which work began in 1934. It is estimated that this water network currently loses about 35 percent of its drainage, and this is in spite of the maintenance work costing about 3.5 million Syrian pounds per year that is done there. This comes to 390 Syrian pounds for each hectare of irrigated area. Because of this, we must quickly renovate the present water network in order to increase the amount of water rationed out and in order to increase the total irrigated area of the agricultural lands.

There are also the following projects:

The al-Hulah plain and (Tiddu) project. This project irrigates about 22,000 hectares. The difficulties involved in this project amount to the fact that the project consists of small and limited areas which require development. The areas under cultivation must be leveled and cooperative agricultural work must be encouraged.

The al-Rast in dam. This dam holds up to 230 million cubic meters. It is one dam which plays an important and major role in preventing floods,

storing water, generating up to 7.5 megawatt-hours of electricity, and providing the irrigation water necessary for the section of the al-'Asi River which flows between al-Rastan and Muhradah.

If the al-'Asi basin were brought under control and the loss of water were prevented, its benefit could be extended to include large areas east of the al-'Asi basin--perhaps as far as the fertile Salamiyah plains. In such a case, it could also provide cooling for the factories constructed along the banks of the river such as the cement factory, the reinforcing iron rods factory, and the tire factory. Furthermore, it is important as far as the irrigation of the al-Ghab plain is concerned.

This area also contains the Muhradah dam and the al-'Asharinah dam.

Al-Ghab-Tar al-'Ala-al-'Asharinah Project

Another project which is located in the middle part of the al-'Asi basin is the al-Ghab-Tar al-'Ala-al-'Asharinah project. The total arable land area covered by this project amounts to about 72,000 hectares. However, ever since the project began during the 1968 crop season, and up till the present day, the Directorate of Land Reclamation has constantly endeavored to make improvements and to undertake maintenance--both for the purpose of making modifications and for completing efforts already undertaken. But in view of the nature of the reclaimed area and the circumstances surrounding it, it was necessary to monitor the project and study the developments which might occur in the various areas covered by it. This was particularly necessary in the case of the swampy areas covered by the project. Very high salt content has begun to show up in some of these swampy areas, and changes in the normal land levels and inconsistency in the degrees of permeability of the soil have also been observed there. For this reason, it is necessary to solve these new problems, eliminate the agricultural and social effects that they have been having on the project and the circumstances involving the utilization of the project, and make a study of the solutions which would make it possible to rectify the situation in order to guarantee that better results be achieved. Right now studies are being completed which have the objective of developing the project in order to prevent some areas from being flooded, especially in years of heavy rainfall. Among the tasks earmarked for the development of this project are the construction of several dams, the development of canals, the increase in their water ration from 0.5 liters per second to 0.66 liters per second, the increase in the intensification of agriculture by an average of 150 percent, the possibility of introducing spray irrigation in areas where the speed of the prevailing winds permit this, the construction of barriers for breaking the wind, and the construction of public utilities for model villages in the al-Ghab area.

Proposed Projects

Because of the great interest in the agricultural sector and the agricultural problem, and the attempt to utilize every drop of water in the country--whether surface water or ground water in the nation's water basins--there has been interest in the al-'Asi basin region. The plan involved in this realm

has the objective of improving means of irrigation, increasing the total land area under cultivation, and bringing water to the area to the east of the al-'Asi River and having it reach the Salamiyah plains in the east and the Mural and Suran plains. This is to be accomplished by minimizing the waste of water and saving water that would otherwise be lost by going to the sea, by evaporation, etc. In addition to this, the plan envisages providing electric power by means of the construction of new dams, and the plan also calls for flood control and protecting the al-Ghab plain from floods.

The individual projects are the following:

1. A reservoir near the Syrian-Lebanese border. The dam will be used for irrigation and to provide electric power.
2. The project involving the improvement of the five canals networks. The purpose of this project will be to reduce the loss of water and consequently increase the total area under irrigation.
3. Construction of the Hims dam and improvement of Lake Qattinah. The purpose of this project will be to absorb excess water from the lake and reduce the amount of evaporation that takes place there. This will make it possible to irrigate an estimated additional 5,850 hectares of land which will be land of very high yield. The dam will be built in order to supply the necessary water to the Hims-Hamah irrigation network, will make it possible to increase the water ration and the intensification of agriculture, etc.
4. Construction of small dams in the al-Hulah plain. The purpose of these dams will be to prevent floods and provide water for irrigation.
5. The Hamah dam. The purpose of this dam will be to prevent floods, to maintain the water level, and to alleviate the pressure put on the al-Ghab plain by the total amount of water which increases during the winter rainy season. The dam will hold 275 million cubic meters of water which presently flows out to the sea and is wasted, and it will be possible for the dam to irrigate about 30,000 hectares of land. In addition to this, the dam will lead to reviving areas with a population of more than 400,000 persons in the regions of Salamiyah, Mural, Suran, and Kafr (Zina).
6. The Rabiyat al-Shaykh dam on the al-Sarut River. The purpose of this dam will be to prevent floods from reaching the al-Ghab plain, to feed sources of ground water, and to provide water to the al-'Asi River.
7. Development of the al-Ghab-Tar al-'Ala-al-'Asharinah project. This will be done in order to reduce salt content, to stop flooding, and to make the greatest possible utilization of local surface and ground water resources in order to increase the water ration. In addition to this, it will lead to improvement in irrigation and drainage, leveling of the land, and increasing the total area irrigated. Consequently, it will be possible to provide about 50 million cubic meters of water which, at the present time, are lost because they flow out to the sea and contribute toward flooding the area.

The necessary contracts have been signed in order that this development be undertaken.

Projects in the Lower al-'Asi Basin

There are also projects in the lower al-'Asi basin, and they are the following--the 'Afrin dam, the al-Abyad River dam, the dam near the border with the Province of Iskenderun in Turkey, and the al-Ruj plain dam.

Result and Proposals

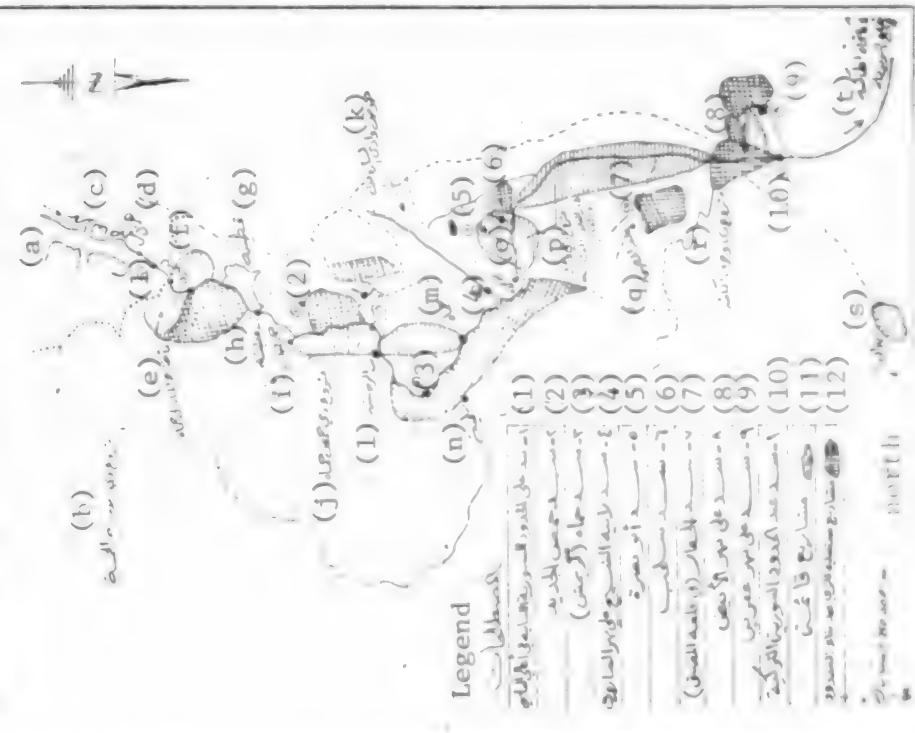
Hydrological and geological studies of the al-'Asi basin in Syria have shown that most of the river's water goes to waste by first flowing to the Province of Iskenderun and then into the sea. Therefore one may say that there exists the possibility of saving at least 1 billion cubic meters of water per year of this source of water up till the border with the Province of Iskenderun. Furthermore, the storage capacity in the proposed dams, which will total more than 1 billion cubic meters of water, will be able to irrigate vast areas of land which are in urgent need of this water.

For this reason, solving the agricultural problem in Syria and adopting an orientation toward agriculture and harnessing Syria's sources of ground water as well as the utilization of its land constitutes the beginning of the road toward achieving the agricultural revolution by means of bringing about socialism. This is why it is necessary to build dams, improve the canals, improve Lake Qattinah, and adopt the other proposals referred to in the beginning of this article which the People's Council committee is in favor of. All of this will help to consolidate Syria's national economy, especially in view of the fact that the international struggle of the future will be a struggle for food--and whoever possesses a loaf of bread will be the first winner in this battle.

south

Current and future al-'Asi River projects

مخطط يوضح مشاريع نهر الأصى حالياً ومتوقعة



Key:

1. Dam on the Syrian-Lebanese border in the upper reaches of the al-'Asi River.
2. New Hims dam.
3. Hamah dam.
4. Rabiyat al-Shaykh dam on the al-Sarut River.
5. Abu Basrah dam.
6. Salhab dam.
7. Al-(Jafar) dam (at the al-Madiq fortress).
8. Dam on the al-Abiad River.
9. Dam on the Afrin River.
10. Dam on the Syrian-Turkish border.
11. Existing projects.
12. Future irrigation projects after the building of the dams.

- a. Lebanon.
- b. Five canals irrigation project.
- c. Al-'Asi River.
- d. Hirbil.
- e. Source of water supply for Hamah.
- f. Al-'Umayri.
- g. Qattinah.
- h. Qatcinah dam.
- i. Hims.
- j. Hims-Hamah irrigation project.
- k. Al-Sartan valley basin.
- l. Al-Rastan dam.
- m. Hamah.
- n. Salaniyah.
- o. Muhradah dam.
- p. Tar al-Ala-al-'Asharinah-al-Ghab irrigation and drainage project.
- q. Al-Madiq fortress.
- r. Al-Kamir irrigation and drainage project.
- s. Al-Ruj plain.
- t. Toward Antakya and the Gulf of Alexandretta.

Figure 1. Current and Future al-'Asi River projects

SOVIETS REPORTEDLY BOMB SANCTUARY IN PAKISTAN

Tehran KAYHAN INTERNATIONAL in English 30 Sep 84 p 1

[Text] ISLAMABAD (UPI)--The government Friday protested a bombing raid by an Afghan aircraft that killed 32 people and injured 48 others in a town in northwestern Pakistan, a foreign office spokesman said Friday.

The raid Thursday on Tri Mangal bazaar in Pakistan's tribal belt also killed 20 cattle and damaged about 200 buildings, including a health center and shops, according to the spokesman.

Rescue teams Friday cleared debris and provided urgent medical assistance and temporary shelters for those rendered homeless. Many of the 48 who were injured were in critical condition.

The spokesman said Pakistan, in its protest lodged with the Afghan Charge d'Affaires in Islamabad, warned Kabul authorities that "such unprovoked and wanton aggression against innocent inhabitants of Pakistan cannot but invite consequences for which the entire responsibility will rest on them."

It was Pakistan's 10th protest to the Kabul authorities in the past month.

According to the spokesman, U.N. Secretary-General Javier Perez de Caelar will also be informed of the bombing.

Radio Pakistan quoted officials saying the bombing raid claimed 32 lives and followed many incursions that took place between Aug. 13 and Aug. 23. One official said the incident represented a fresh escalation in the efforts to intimidate and pressurize Pakistan.

These efforts, the official said, "were bound to fail but they no doubt created fresh tensions and made pursuit of a political solution of the Afghan problem more difficult." Relations between the two nations are tense because Pakistan refused to recognize the Soviet-backed Afghan government in Kabul and provides sanctuary for guerrillas trying to oust 105,000 Soviet troops in Afghanistan.

AFGHANISTAN

KABUL UNDER CONSTANT ATTACK BY MUJAHIDIN

Tehran KAYHAN INTERNATIONAL in English 1 Oct 84 p 1

[Text] LONDON, Sept. 30 (UPI)--A "Sunday Times" reporter who bluffed his way into the capital of Afghanistan said Kabul is a "city besieged" with rockets, mines and shells exploding day and night and Soviet troops harassed.

"There is no hand-to-hand fighting in the streets, but official buildings and defensive positions are constantly under attack, shelled and mortared by the Mujahideen guerrilla lines sometimes just half a mile away," Barrie Penrose said in his account.

Penrose, who called himself "the first independent western journalist to report from Kabul itself for nearly two years," said he arrived on a flight from New Delhi Sept. 19 and was able to parlay "bureaucratic muddle" into an eight-day stay.

"Kabul is a city besieged," Penrose said. "Rockets, mines and shells explode by day and night. In the heart of the Afghan capital, the Afghan Army and the Soviet garrison are constantly harassed."

Soviet Convoy Attacked

The reporter said the most spectacular fighting he actually witnessed was a two-hour Mujahideen attack on a 100-vehicle Soviet convoy of trucks and armored personnel carriers which occurred just a half-mile from the Intercontinental Hotel where he was staying.

"The volume of gunfire--from mortars, heavy machineguns and rockets--increased dramatically.... The night sky was brilliantly lit by arcs of red tracers, exploding flares and powerful searchlights," Penrose said.

The Islamic guerrillas are fighting to oust 105,000 Soviet troops which occupy the country and to topple a government installed by Moscow in 1980.

The reporter quoted a western diplomat as saying "these daily bombing attacks on Kabul began in earnest on September 13." Penrose described the Kabul airport as "reminiscent of Da Nang at the height of the Vietnam War. Two new

runways are being built to handle the increasing military traffic" that includes dozens of helicopter gunships and MiG jets."

"I strolled around the area and in one street saw 10!year-old boys selling pot openly to Russian soldiers," Penrose said.

He said he arrived in Kabul with no entry visa, only an air ticket with an onward flight to Moscow scheduled for 48 hours later. At the airport Penrose asked for a temporary transit visa and after much discussion was told to take a taxi into the city, stay at a hotel and contact the ministry of foreign affairs, he said.

CSO: 4600/29

AFGHANISTAN

AFGHAN PLANE BOMBS PAKISTANI VILLAGE

Tehran KAYHAN INTERNATIONAL in English 29 Sep 84 p 1

[Text] ISLAMABAD, Sept. 28 (Dispatches)--An Afghan warplane bombed a crowded bazaar killing 32 people in a Pakistani village used as a haven by Muslim Mujahideen fighting the Soviet-backed Afghan regime, a government spokesman said Friday.

Searchers picked through the debris of the flattened bazaar at Tri in the Timangal region on the Afghan border in search of more casualties from Thursday's blast, the Pakistani spokesman said.

The Spokesman revised an earlier casualty figures of 80 killed to 32 dead and 48 injured.

According to the spokesman more than 50 cattle were also killed and a large number of mud houses destroyed in the air attack on Tri, 150 miles (240 km) west of Islamabad.

The Trimangal outpost was shelled and bombed at least 10 times between Aug. 13 and Aug. 24, killing 54 people including 30 Afghan refugees from the fighting in their Soviet-occupied homeland.

The Trimangal outpost is about 18 miles (29 km) from the Afghan border area of Ali Khel, an area besieged by insurgent forces for some time.

Afghan authorities often describe the Trimangal area as a sanctuary for Mujahideen, who stage raids into Afghanistan against the pro-Soviet government.

CSO: 4600/29

BANGLADESH

HELICOPTER CRASHES IN THAILAND, SUPPORT FOR BURMESE SEEN

Bangkok DAO SIAM in Thai 20 Aug 84 pp 1, 2

[Article: "Bangladesh Helicopter Carrying Large Amount of U.S. Currency Makes Emergency Landing"]

[Text] It was disclosed that a Bangladesh helicopter that strayed over an area near the Thai border where Burmese and Karen soldiers were fighting was shot at by Karen soldiers of Bo Mya. It was hit and had to make an emergency landing in Thailand. The six people aboard were unharmed. But it was found that this helicopter, which had left from Rangoon, was carrying three large boxes of U.S. currency. The helicopter also had an extra 1,000 liters of gasoline in its reserve tanks, which shows that it was going to make a long trip. The people involved refused to tell Thai officials where they were going. The Bangladesh embassy has contacted high-level Thai officials regarding returning this helicopter, the most modern in Asia, to Bangladesh. The military has sent thanh phran irregulars to guard the helicopter. It is feared that the Karens will try to burn the aircraft. This is because the Karens believe that Bangladesh was helping Burma suppress the Karens.

According to a report already published by DAO SIAM, at approximately 1130 hours on 16 August, a helicopter of the Bangladesh Air Force made an emergency landing at Ban Kaeo in Ban Kaeo Subdistrict, Mae Sot District, Tak Province. The place where it landed is approximately 500 meters from the Moei River, which forms the boundary between Thailand and Burma, and approximately 15 kilometers from the Mae Sot district seat.

On 19 August, one of our reporters who had gone to gather information on this reported that at present, this helicopter, which made an emergency landing in a field of tall grass, is being guarded by thanh phran irregulars. Special Colonel Yuthana Rupkhachon, the commander of CPM [Civil-Police-Military Unit] No 34 and the person responsible for this area, ordered a group of thanh phran irregulars to guard this aircraft closely. This helicopter is the newest Bell 212 model. No other country in Asia has this type of helicopter. This is a very fast helicopter with a large cargo capacity. It uses two engines and a twin-exhaust system.

People who witnessed the incident told our reporter that this was one of two helicopters that were flying together from the west. They were flying between two mountains. On the ground below them, Burmese government soldiers and Karen soldiers of General Bo Mya were engaged in a battle. The Karen soldiers thought that these were Burmese helicopters and so they fired at them. The engine of this helicopter was hit and so it began to lose power. The pilot managed to land the aircraft safely inside Thailand. On board the helicopter were the pilot and his co-pilot, two mechanics and two passengers for a total of six people. The two passengers are thought to be high-ranking Bangladesh officials. The helicopter was not equipped with weapons and the passengers were unarmed.

During the initial interrogation by CPM No 34, the pilot said that he had left from Rangoon and that he had not known that there was fighting in that area between Burmese and Free Karen soldiers. However, he refused to discuss his mission or destination and demanded protection in accord with international principles when an aircraft encounters problems. The first day after they landed in Mae Sot, the pilots, mechanics and passengers stayed at the Siam Hotel. The arrangements for this were made by the military. They also telephoned their embassy in Bangkok and embassy officials later came to pick them up. Nothing further was disclosed.

This Bangladesh helicopter was carrying three large boxes of U.S. currency. The exact amount is not known. The pilots, mechanics and passengers helped off-load the boxes. It was also learned that there were only two passengers in order to reduce the load weight since the helicopter was carrying an extra 1,025 liters of gasoline in two large tanks. This indicates that their destination was far away or that they were going to use this reserve gasoline on the return trip from wherever they were going.

The Bangladesh embassy is asking the Thai government for permission to send a rescue team to recover this helicopter. At present, thanan phran irregulars are guarding the helicopter 24-hours a day since there have been reports that the Karen soldiers think that Bangladesh sent this helicopter to help the Burmese soldiers suppress the Karens. They may try to cross the Moei River and destroy the helicopter. Thus, it must be guarded until the Bangladesh Air Force comes and recovers its helicopter.

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CSO: 4207/212

RAFSANJANI DISCUSSES POSTPONED OFFENSIVE, OTHER ISSUES

Tehran SOBH-E AZADEGAN in Persian 15 Sep 84 pp 2, 14

[Text] A number of combatants of the mobilization, revolutionary guardsmen from the Khatam al-Anbiya' base, and deputies from the engineering section of the Ministry of the Revolutionary Guard met last Thursday afternoon with Hojjat ol-Eslam va ol-Moslemin Hashemi Rafsanjani. Mr Rafsanjani gave a talk at this meeting. He said: I am certain that all the combatants all along the front are waiting for the appointed moment and the order for action, and are asking themselves why the appointed moment does not arrive. As a spokesman for the Supreme Defense Council, I say that our enemies would like to declare that weakness and unpreparedness are the reasons for this, in order to boost the morale of their troops. At this time we have the best position at the fronts in every respect. Our power has increased every day, and we have no problems or worries of any kind. Precise calculations are being made so that God willing we will make a serious move at some point that will shorten the war and minimize the loss of dear ones such as you combatants and Iraq's manpower as well, enabling us to rid the area and the people of Iraq of the evil of the Ba'th Party and then get on to something more important. In view of the efforts of revolutionary researchers and scholars in the engineering section of the Ministry of the Revolutionary Guard who are making preparations behind the lines, when we begin our task everyone will see that there is no problem. Continuing his talk, the Imam's representative on the Supreme Defense Council said:

Our enemies sometimes raise the issue of the balance of forces, Iraq's air superiority, and the deadlocked condition of the war. Several days ago an American political expert said: 'It is America's policy that Iran must not win this war. Since Iraq has no chance of victory, Iran is the only danger to America. If Iran should win the situation in the area would be disrupted, America's interests would be threatened and Muslims and Islamic forces in the area and throughout the world would be encouraged.' America thinks it can prevent this victory. Sometimes they say in their analyses that differences have arisen among the officials of the Islamic republic and that one faction in Iran is not in favor of the war. These remarks show the enemy's fear. All of these barbed wire obstacles, explosive barrels, canals, and thousands of other obstacles that Iraq has placed on the front lines show the deep fear and

anxiety of Saddam's forces. Not one of them can save Saddam. Socially, politically, and otherwise, we have found methods that can be very useful for us.

Mr Hashemi Rafsanjani then referred to the matter of the hijacking of three aircraft to Iraq. He said: The world has been disarmed of propaganda weapons. They want to accuse us of being terrorists, but now the Westerners, our imperialist enemies, domestic counterrevolutionaries and the international organizations calling for human rights and humanitarianism have fallen silent in the face of this act. No one is mentioning all of this fuss about the security of the seas and the airways. They have taken a passenger plane to Iraq and kept the passengers in a state of worry and agitation. Then Iraq audaciously kept the aircraft and the hijackers there, but no uproar arose from the world. Despite the fact that Iraq has been shown to be a thieving and terrorist government that disrupts the security of the airways, that it clearly says 'We give asylum to terrorists,' giving them interviews on television, no individual or country protests.

Iraq is a signatory of a treaty that requires the trial of hijackers and the immediate return of aircraft.

Iraq has already shown that it attaches importance neither to the environment nor to the security of the sea lanes. All the international organizations are muzzled and silent, but if it had been an aircraft from France, America, or some other country they would have raised an uproar. Along with the counterrevolutionaries, they claim to be on the side of the people, but it is not clear why they give their airplanes to the enemy to be used against these same people in order to be on their side. They have even furnished the Iraqis with . How can these people who beat their breasts for the heroic people and the soil of the mother land give warplanes to an enemy that uses them to bomb Dezful, Gilan-e Gharb, Marivan, and other cities?

The Majlis speaker then noted that Iran has proven that it wants peace and that it protects the security of the sea lanes and airways. He said: They tried to accuse us of planting mines in the Suez Canal. America has gotten a foothold for itself in this way, but there too, as in Lebanon, it will have to withdraw in shame.

Mr Hashemi Rafsanjani then referred to the recent trip to Syria, Libya, and Algeria by Mr Khamene'i, the President of our country. He said: Mr Khamene'i's recent trip is a part of the conditions we were awaiting in order to be able to do some basic work for our future and develop some serious cooperation between ourselves and the progressive Muslim forces in the area in opposition to our main opponent, Israel, and perhaps America. This trip also enabled us to stand up against someone who wanted to raise the issues of Arabs, non-Arabs, Shi'ites and Sunnis. His trip also resulted in the forming of ranks of Muslim and combative forces and the delineation of the ranks, and it opened the way for a proper political and military movement.

In conclusion, the Majlis speaker thanked the combatants at the southern fronts for one million rials in assistance given to the government on the occasion of War Week.

MUSAVI DISCUSSES DOMESTIC, FOREIGN ISSUES AT PRESS CONFERENCE

Tehran ETTELA'AT in Persian 28 Sep 84 pp 3, 14

[Interview with Prime Minister Mir Hoseyn Musavi by foreign press on 27 Sep 84; place not specified]

[Text] On the occasion of the week of the imposed war of Iraq on Iran, a group of foreign press reporters came to our country to witness first hand the crimes of the Ba'thist regime of Iraq in the war-stricken regions as well as the steadfastness of the Islamic nation against the aggressive forces. For this purpose, Engineer Mir Hoseyn Musavi, the prime minister of our country, met with these reporters yesterday afternoon and responded to their questions.

First, the reporter from the African country of Zambia asked: You have said that it would be in the interest of the Islamic Republic to go to the Third World countries rather than other countries to purchase raw materials. Has this issue materialized thus far? Also, how would you describe the relations between your country and Zambia?

[Answer] Especially the Asian and African countries. Of course, at the present time, Iran has no commercial or political relations with the United States and our volume of trade with the Third World has increased. Furthermore, these transactions with the Eastern bloc have increased. Nevertheless, due to the deep dependence of our country on the technology of the West, we still have strong ties with the economy and technology of the West. For this reason, this change will not take place easily. Nevertheless, since the Islamic Republic follows the policy of neither Western nor Eastern, we are pursuing this goal.

The prime minister added: We prefer to have trade relations with Third World countries even in a dependent form rather than with imperialist and colonialist countries.

At the present time, our volume of trade with Asian countries, especially our neighbors, such as Turkey and Pakistan, is considerable. Also, recently, in connection with African countries, we have made an effort to increase the possibility of procuring the goods that we need, particularly raw materials, from these countries. An example of this relation is the economic trade with Sierra Leone, Tanzania, and some of the other countries.

Our relations with Zambia at the present time are good and very agreeable.

Our Economy Is Not Conservative

Then a reporter from Pakistan asked whether or not the Iranian economy is following a conservative course. He said:

We are not moving towards a conservative economy, but an Islamic economy.

Based on our experiences over the past six years, we want to build an economy in our country which is founded on the slogan of neither Eastern nor Western but Islamic Republic. It will be an economy based on the standards of the Islamic Republic; in this connection, a conservative economy is meaningless. Rather, our standards are based on other things. Certainly, one of the most important principles that we observe is attention to the people and the oppressed. On the other hand, we feel that the main levers for guiding the economy of the country are in the hands of the government, such as banking, insurance, major industries, and the like, which have been nationalized since the revolution.

At the present time, more than 80 percent of the industries in the country, including those belonging to the capitalists dependent on the United States and Western Europe, are in the hands of the government. For this reason, we do not think that we have moved in a so-called conservative direction.

Free Voice in the Majlis

In response to another question by the reporter from Pakistan regarding the change of the Cabinet ministers, the prime minister said:

In this regard, I must say that there is an open system in the Majlis. Our Majlis was new, and naturally, in keeping with the views of this Majlis, an administration must be formed to work with which the Majlis can be satisfied, since it may not be satisfied with another administration. But the fact that the Majlis has not voted for some of the administrators does not mean that the Majlis does not respect them or has dismissed them. We

believe the issue is a change in the trenches--we consider activity in the government as trenches. The brothers who have left the government continue their service as consultants or in other positions.

Damages of the Imposed War

The Zaire reporter asked: Could you present the figures on the damages, both financial and in terms of lives, resulting from the Iran-Iraq war?

The prime minister said: The damages are very high. We must take special note of the fact that in the first year of the war, when a great part of our Islamic homeland was under the occupation of the Iraqi regime, when the enemy was driven back by the strong force of our combatants, we were left with the ruins. You reporters might have visited the cities and estimated the level of damages.

In regards to civilians as well, we suffered a great deal of damages. At the present time, some of our ordinary citizens are imprisoned by Saddam. These prisoners are illegally kept by that regime, whereas those who are our prisoners have been captured at the battle scenes.

In financial terms, as well, as I pointed out, we have suffered a great deal of damages. The Plan and Budget Organization of our country has presented a figure in this regard of about \$200 billion.

Of course, we value the life of one of our combatants much more than this.

This reporter asked another question: Considering that the United States and the Soviet Union are the main sources of weapons procurement for Iraq, what countries does Iran turn to for its weapons?

The prime minister answered: We purchase arms from any place they are available. In this regard, we have suffered a severe economic embargo, which has been carried out at the instigation of the United States and other superpowers. In any case, we do not obtain the weapons we need easily. But with our increased familiarity with the free international markets, we have learned to collect and purchase the arms needed throughout the world.

Only, here I must say that the U.S. economic embargo, in connection with not selling arms to Iran, is very severe; the recommendation has been strongly made throughout the world not to sell us any arms. Nevertheless, we have learned how to procure our needs. At the same time, I should point out that in the war,

we rely mostly on manpower. In contrast to the regime of Saddam, we do not rely on complicated weapons that we cannot produce, especially since the Eastern and Western superpowers are not interested in making these weapons available to us.

Iran's Conditions for Cease-Fire

Another reporter, from Sweden, asked: What are Iran's major conditions for a cease-fire between Iran and Iraq?

Also, have any steps been taken to negotiate with the regime of Iraq? It should be added that Iran's war has divided this and other Muslim countries.

The prime minister said: We will never sit at the negotiating table with the present regime of Iraq. One of our essential conditions is the removal of the Ba'thist regime in Iraq, because this regime is an aggressive regime, and as long as this regime exists in Iraq, there shall be no peace which is in the interest of the Muslim nations in the region. This is the point to which attention must be drawn. The issue of damages and other problems are at the next stage of our conditions.

In regards to the present war causing disunity among the Islamic countries, we do not believe so. On the contrary, we think that the war which was started against us has brought the attention of more than 1 billion Muslims in the world to the Islamic goals, objectiveness, and values of our Islamic revolution. On this basis, we believe that the grounds for the unity of true Muslims has been more solidly prepared in the world.

Groundwork for Removal of Saddam

Then, the KEYHAN reporter asked a question in regards to the groundwork for the removal of Saddam in terms of whether or not foreign countries are in favor of it. The prime minister answered:

The basis for the survival of the Ba'thist government in Iraq is now weaker than ever. In this regard, we have also felt this important issue in our talks with the representatives of foreign countries and their leaders.

Standards in Regard to the Countries in the World

A reporter from Tanzania asked: Why does Iran have relations with those countries which have diplomatic relations with Israel? Also, in your opinion, what is the reason behind the existing dispute and conflict between the United States and the Soviet Union, and does your country hate the Soviet Union as much as it

hates the United States? Finally, how would you summarize relations between Iran and Tanzania?

The prime minister said: We have relations with many countries in the world. At the same time, we pursue the goal of confrontation with and fighting against Zionism in the world. In every spot of the world where part of the Islamic soil is threatened or Islamic nations are under pressure, we confront these pressures and threats. This is something that has been stated in our Constitution. However, fighting Zionism has gone beyond this; it is considered a strategic issue and a part of the principle identity of the Islamic revolution of Iran. Since the years before the victory of the revolution, Imam Khomeyni raised the issue of fighting Israel and this slogan, that is, the slogan of fighting Israel and eliminating Zionism, has played a great role in the victory of the Islamic revolution of Iran.

The prime minister added: Our relationship with the world is based on which one of the blocs and countries are more or less hostile to us. Although in terms of our value system and independence, we counter the influence of each one of the superpowers in our country. The Islamic Republic has thus far proven that it is possible to continue our movement without reliance on the East and West. The Third World and oppressed countries that rely on the ability of their nations have been able to continue their path under the most severe of circumstances.

We have clearly declared our policy vis-a-vis the United States, the Soviet Union, and other companions of oppression. We have fearlessly declared our position, especially in connection with Israel and Afghanistan and in connection with the oppression and injustice that is imposed on each one of the oppressed nations of the world and the Islamic nations by oppressive powers.

Despite the special strategic situation that we have in the region, thus far, we have had no fear of openly taking a position.

Musavi added: Our relationship with Tanzania is as a progressive African country. We try to understand that country and better familiarize ourselves with that and other African countries in order to create a deeper relationship throughout the world.

He then referred to the political relations between the two countries and said: Naturally, this relationship does not mean that Tanzania and Iran must accept and agree with each other 100 percent.

In response to another question by another foreign reporter concerning the terrorist acts against Turkish diplomats in Iran, Engineer Musavi said:

Such actions do not occur in Iran alone; they occur throughout the world. But the important thing is that actions which are contrary to the Constitution are severely dealt with in our country. If such actions are armed actions, they will especially be suppressed severely, regardless of what the position and direction of such a movement is. Our aim is to protect and preserve the frameworks that exist in our country; this was done in regards to the actions that took place. This shows that our country which is at the present time formed on a basis of a clear value system and will not turn chaotic with the rebellion and the confusing acts of various factions.

Plan to Expel Israel from the United Nations and Revealing a Document

The reporter of JOMHURI-YE ESLAMI asked: It is said that the plan to expel Israel from the United Nations has been postponed in the General Assembly of the United Nations. In your opinion, what is the reason for this postponement?

The prime minister said: Our position in regards to Israel is, of course, a strategic one, to show the line of the Islamic Republic of Iran. But, it is not to be expected that the Iranian proposal will have the votes in the United Nations. Here, I will refer to one of the documents that I have personally studied in the Ministry of Foreign Affairs. This document states that one of the high ranking Israeli officials had told one of the security officials of the previous regime that Israel relies firstly on the United States, secondly on the United Nations, and thirdly on the monarchical regime. In mentioning this document, I want to raise the issue of the importance of the United Nations to Israel. Any sort of reaction in this organization will accompany the reaction of the Zionists and their supporters against the Islamic revolution of Iran.

The Problems of the Employees and Housing

The reporter of AFKAR-E TA'LIMATI of England asked: What plans do you have to solve the problem of housing as well as to freeze the incomes of employees and fight global imperialism, headed by the United States? Furthermore, why do economic relations between Iran and England continue?

The prime minister said: The most important method that we must follow in a fundamental way in order to solve the problems of inflation and housing is to raise production and set the wheels of production in motion in our country.

In this connection, we have carried out fundamental actions. In mid-summer, the rate of inflation reached 14.2 percent, which is an important figure. During exactly the same time last year, this figure was 20 percent. We consider the root of this issue the rise in production during the period 21 March 1983-20 March 1984. According to the data gathered involving our industry, our total industrial progress during the above-mentioned 1983-1984 period has grown by 24.2 percent, which is a very high figure and shows our progress in this regard.

I believe that one of the reasons for the decrease in the growth of inflation is the increase in production in the country. We will try to continue this progressive movement as before.

Musavi added: In regards to the relations between Iran and England, I must say that we have trade relations with all the countries of the world, with the exception of a few countries, such as the United States, South Africa, and Israel. We accept these relations to the extent that they do not cause political pressure or domination. In this regard, also, our main line is to change our trade balance with the outside world in a way that would be in the interest of the Third World. We must look at the figures indicating our movement; what I can say here is that our trade relations with the Third World have been steadily increasing, in contrast to the situation with regard to Western countries, although there may be two or three countries with which relations have increased. In any case, I announce here that Iran does not intend to sever economic relations with any country in the world, except with the three that I mentioned, unless there are clear conspiracies underway in one of these countries to compromise our interests. As an example, I will mention France. At the present time, our relations with that country in economic areas have become minimal, because in our opinion, France belongs to the same category as the United States, Israel, and South Africa.

Another reporter asked: According to the French newspaper, L'EXPRESS, in order to export the Islamic revolution, efforts are being made to create an armed underground organization in Europe. Do you endorse such activities?

The prime minister said: We do not export the revolution through arms. This is an out and out lie. We export the revolution through being oppressed, being right, resistance, and belief in our Islamic values.

Then in regards to the relations of some of the countries of the Third World, such as Sri Lanka, with Israel, the prime minister said to the reporter from Sri Lanka:

We fight actions which promote the recognition of Israel as a country. The relations of those countries which have relations with Israel will not last. In regards to the relations that have been created between Sri Lanka and Israel, I am deeply disappointed and am certain that with the attention to the non-aligned movement and also the interests that the Third World countries pursue, these relations will not last.

The Conspiracy to Mine the Suez Canal

This reporter then added: Do forces capable of mining the Suez Canal exist in Iran? What is your opinion in this regard?

The prime minister said: We have stated the views of the Islamic Republic in this connection. This cannot be done in Iran. This task requires more advanced technology. In any case, what is most important is that Iran has not done and will not do so by any means.

We feel that there is a conspiracy behind this issue on the part of the United States in order to maintain a presence in the Red Sea and the Suez Canal, to impose an embargo on the Islamic revolution, and to put pressure on the countries of the region. This issue has not remained hidden from world public opinion.

Support for Liberation Movements

Then in response to a question from Portugal regarding the relations of Iran with liberation movements in the world, the prime minister said:

With emphasis on what has been stated in the Constitution of the Islamic Republic, we find it our duty to support all liberation movements against injustice throughout the world. But this does not mean that we have relations with one or another organization in Europe.

But what I have stated deeply concerns the popular movements throughout the world.

He then added: Our relations with Portugal are normal and the volume of our trade with that country is increasing.

The Position of Iran and the R.C.D.

In regards to the reaction of Iran to the issue of the R.C.D. and also the increase of economic relations between this country and Pakistan and Turkey, the prime minister said:

Early in the revolution, we completely set the R.C.D. aside, because there was a shadow of CENTO over it.

But once we established our policy of neither West nor East and clearly showed our position to the world, we expanded our relations with Turkey and Pakistan as our neighbors. In this form, the R.C.D. [Regional Cooperation for Development], with its economic agreements, can be a good framework for cooperation in the region. But the (R.C.D.) has been cleansed of political issues and is like a sound movement between the three countries. The organization of the (R.C.D.), which was previously carried out by the foreign ministers of the concerned countries, is at the present time at a lower level. In fact, we have the same economic and cultural relations with Turkey that we have with Pakistan. This gives some kind of order to the framework of the (R.C.D.). We hope we will be able to bring peace to the region and deepen our economic relations in this form.

The Peace Plan and the Position of Iran

The Syrian reporter asked:

The countries of the region are preparing a plan to end the war between Iran and Iraq. What is Iran's position in regards to this plan and what is the connection between the postponement of Iran's attack and this plan?

The prime minister said: We will not stop our plan for any of these preparations for an imposed peace. It is possible that in various countries, including Islamic, Arab, and non-Arab ones, certain issues are discussed in regards to peace and how it will be achieved. But what concerns our country is Iran's conditions. And our conditions have been stated clearly.

Japan Is Going the Wrong Way

The reporter of ASAHI SHIMBUN newspaper from Japan asked: The authorities of the Islamic Republic of Iran have recently emphasized that in order to achieve their goals, they will soon engage in military pressure. Does this position mean that the Islamic Republic has not achieved any results in its recent diplomatic actions? Also, does military pressure mean a forthcoming overall attack?

The prime minister answered:

We have by no means separated political actions from military actions. It seems that the Japanese authorities have gone the wrong way more than anyone else. The recent statements of the Japanese officials in New York show that Japan has joined hands with the United States and other imperialist countries against the goals of the regime of the Islamic Republic. What I can say here is that our military and political actions are by no means separate; both follow the same direction.

We have consistently stated that diplomacy and political action can be meaningful when based on a spiritual, internal, and material force. If we are not present on the fronts and if we lose our offensive position, certainly we will not achieve any results in the political areas.

For this reason, when we speak about diplomatic or military solutions, we do not separate these two by any means.

The Spanish reporter asked: Can the continuation of the war cause differences between the members of the Cabinet? Also, what is your expectation in regards to relations with Spain?

The prime minister said: We believe that the war which has been imposed on us and in which we have a defensive posture will result in greater unity between the authorities and the people, because in the war, we are pursuing the most sacred goals of the Islamic Republic.

In regards to Spain, it must be said that our relations with that country are very good and these relations will be expanded. Then, he referred to and spoke on the current exchanges between Iran and Spain.

Then, in response to a question by the Italian reporter concerning the number of political prisoners in Evin prison, the prime minister said:

The only thing that I can say is that the number of prisoners is smaller than the number the hypocrites and the opponents of the Islamic Republic speak of in the world. The capitalist and oppressive bugles, which are our enemy, magnify them.

Another Italian reporter asked: How do you see your relationship with Italy and the level of the economic relations of Iran with that country? Also, do you condemn the bombing of the U.S. Embassy in Beirut?

The prime minister answered: Our relations with Italy are quite reasonable and the volume of trade between the two countries is relatively high. Relations with Italy are on the level of those with Germany and England. I think this is due to the rather reasonable positions of Italy in regards to the Islamic Republic. In regards to the bombing of the U.S. Embassy in Lebanon, what we can say is that the roots of the hostility must be sought out. When massacres take place in Sabra and Shatila or in the village of Suhmura, and with the help of the United States, Israel makes hundreds of people targets of bullets, when the Muslims of Lebanon and all the Islamic countries are under the pressure of U.S. imperialism, that country (the United States) must not expect its citizens to enjoy security in various countries. For

this reason, I think that instead of answering your question, it would be more appropriate to ask: What is the reason for the hostility of the oppressed nations of the world towards the United States and Americans?

In response to another question by the foreign reporters, the prime minister said: Our relations with Asian countries are special relations. In our foreign policy, priority has been given on the whole to the Third World. Among the Third World countries also, we give more priority to Islamic countries and try to strengthen our relations with these countries. On this basis, it must be said that at the present time, our Ministry of Foreign Affairs places the greatest importance on relations with the Asian countries.

In regards to the peace initiative proposed by Japan, I say that we do not consider this as any sort of initiative, but rather as a political move to impose pressure on the Islamic Republic.

The Main Issue Is the Overthrow of the Ba'thist Regime of Iraq

Then, the ETTELA'AT reporter asked: With the passage of four years of the imposed war, recently it has been discussed in the news and political circles in the world that Iran has agreed to the mere removal of Saddam from the government of Iraq. Some of the officials have even said that if this happens, not only will Iran drop its claims for compensation, but it will help Iraq to establish its new system. To what extent can this be practical in the view of the Islamic Republic and does the removal of Saddam mean the fall of the governing regime of Iraq or does it end with the removal of Saddam?

The prime minister answered: Clear statements have been made in this connection. We will certainly have good relations with a popular regime coming to power in Iraq. If the future government of Iraq relies on the will of the people of Iraq, naturally, the issue of compensation will be resolved. This is something that the authorities of the Islamic Republic have frequently stated before. I think this answer covers all aspects of your question.

In response to a question by another foreign reporter concerning the two conditions of the fall of Saddam and the payment of damages, the prime minister said:

When we state the two conditions of the fall of Saddam and the payment of damages, it means that we cannot consider any initiative or proposal offered for peace as an initiative to end the war and aggression in the region if it guarantees the survival of the Ba'thist regime of Iraq. Our principle is to suppress and stop the aggressor. This is something that must be taken into consideration in any initiative.

Therefore, when a peace initiative is made, if this initiative results in the imposition of an American or Eastern peace on us, it will not be acceptable to us. Or if it is a peace which will result in the survival of Saddam, naturally, we will not accept it.

In regards to operating Majnun Island, that also depends on the future of the government that will come to power in Iraq.

10,000
CSO: 4640/47

USSR-IRAN TRADE COOPERATION CONSIDERED IN MUTUAL INTEREST

Tehran BURS in Persian 17 Sep 84 p 5

[Article: "Commercial and Economic Cooperation between the Soviet Union and Iran"]

[Text] Commercial and economic relations between the Union of Soviet Socialist Republics and the Islamic Republic of Iran are an old and good tradition. The two neighbor countries, with their joint borders, suitable lines of communication and transportation, rich natural resources, and diverse goods, are in a favorable position to expand commercial and economic relations. Trade makes up the major portion of the extensive relations between the Soviet Union and Iran, and the history of these relations is more than 60 years old. Current commerce between the Union of Soviet Socialist Republics and the Islamic Republic of Iran continues in the best tradition of merchandise exchange between the two countries, which have been formed over the course of centuries. Commerce between the two countries continued without change from the first years after the revolution, on the basis of mutual commercial respect, continuation of commercial relations, and the observance of existing laws in both countries. In order to secure commercial interests and exchange goods, both sides adhere to the legal principles of the commerce and navigation treaty between the Soviet Union and Iran which was signed 45 years ago in on 25 March 1940, one year before the Soviet peoples' World War II struggle against Fascism. The Soviet people, along with all the advanced countries of the world, will celebrate the 40th anniversary of the victory of World War II in 1985, and it must be noted that during the years of the Soviet peoples' war against Fascism, despite economic difficulties, they continued their close relations with Iran, furnishing Iran with industrial and consumer goods and purchasing traditional Iranian merchandise. Wheat, which was badly needed in Iran, was an important and inseparable part of the goods furnished by the Soviet Union. The treaty of 1940, which is still in force, establishes the system for exchanging goods between the two countries, and it also establishes most-favored nation status for both sides. Under the conditions of the above treaty, the exchange of goods is carried out on the basis of cooperative principles and within the framework of annual merchandise quotas. Also in accordance with the above treaty, both sides are to conclude annual protocols and long-term agreements for the exchange of goods as quickly as possible, and the types and quantities of goods furnished to one country by the other are recorded in commercial documents on the basis of mutual

agreement. In recent years the long-term agreement for the exchange of goods which was signed on 18 October 1976 is being followed, and on that basis commerce between the two countries is being continued. It must also be mentioned that including Iran the Soviet Union has commercial relations with 102 developing countries of the world, including 72 countries in which the relations are based on commercial treaties. The Union of Soviet Socialist Republics has long-term agreements with most of the countries of the world, including Iran. That trade agreement is an important and strong foundation for expanding commerce between the two countries on the basis of mutual planning. The aforementioned agreements give complete confidence to the developing countries that they will be equipped and supplied with traditional merchandise in an orderly manner by the Soviet Union. In view of the expiration of the long-term trade agreement between the Soviet Union and Iran dated 18 October 1976, the impossibility of holding commercial negotiations to conclude a new agreement, and in order to preserve trade between the two countries, the aforementioned agreement has been extended each year. The agreement dated 20 June 1964 between the Soviet Union and Iran has been in effect for more than 20 years. On the basis of that agreement, accounts on goods purchased have been balanced not on the basis of currency, but on the basis of exchanges in kind between the two countries, which allows both sides to continue the exchange of merchandise without using scarce currency. The volume of trade between the Soviet Union and Iran has increased in recent years, and the rate of this increase has risen above its level prior to the Islamic revolution in 1979. According to the Islamic republic of Iran's economic statistics, Iran, India, Argentina, and Libya carried most of the volume of the Soviet Union's trade with developing countries in 1983. The volume of trade in 1983 between the Soviet Union and the Islamic Republic of Iran was the equivalent of 936.5 million rubles, 559.2 million of which were Soviet exports to Iran, and 377.3 million of which were Soviet imports from Iran. The Soviet Union is one of Iran's major trading partners. According to official Iranian statistics, in the years 1981 and 1982 the Soviet Union was the number two purchaser of Iranian exports (excluding oil), and occupied the number 18 position in Iranian imports. Commercial growth of the Soviet Union and Iran are compatible in various areas; the foreign economic interest of the Soviet Union, which is an advanced industrial country and those of Iran, which is an industrializing country creating an independent economy, are complimentary. The national economies of the Soviet Union and Iran are mutually aided in their development by the exchange of goods. Therefore, in commerce between the two countries goods are exchanged which are critical and necessary to the growth of the two economies. Most of the Soviet exports to Iran are goods which have productive features and are necessary for carrying out economic planning. Reflecting the advanced international commercial methods of the Soviet Union's basic policy towards developing countries, year after year the proportion of industrial products in our mutual trade has increased. In 1983 the Soviet Union furnished Iran with 159 million rubles in machinery and transportation equipment, making machinery 28.4 percent of the total value of Soviet Union's exports to Iran. Most of that was machinery and finished materials for the installations which are being built in Iran with Soviet economic and technical assistance. Time has demonstrated well the fruitfulness and mutual profitability of economic and technical cooperation between the Soviet Union and Iran. This cooperation bears no resemblance to

the economic domination of the Western imperialist governments in Iran during the shah's reign. Visible results of this friendly commercial and economic cooperation between two neighbor countries are the Esfahan iron foundry, the machine construction factories of Arak, the stations under construction in Ahvaz and Esfahan, the many silos which have been constructed, the dam on the Aras border river, and the electrified Tabriz - Jolfa railway. In all, 160 installations, around 100 of which have been placed in service and are contributing to the growth of the economy of Iran, have been provided, along with the construction and delivery of complete facilities for the Soviet Union's international trade unions according to plan.

9310
CSO: 4640/34

TEHRAN COMMENTS ON END OF GULF AID TO SADDAM

GF102038 Tehran International Service in Arabic 1730 GMT 10 Oct 84

[Unattributed commentary]

[Text] The waters in the Persian Gulf have begun to threaten all the countries and peoples of the region again. The ruling regime in Baghdad has renewed its hostile policy against the countries and peoples of the Gulf. It has become clear to the Gulf regimes that those practices have disastrous effects on them also and that they have a share in the fires which are burning in this region. In fact these fires have also reached their economic interests.

There is much evidence to the danger of the Iraqi rulers' hostile acts, a danger which cannot be contained at a definite point or place. The waters transfer the fire as they transfer other things. Navigation in the Gulf has been threatened by continued Ba'thist hostility for almost a year. Forty ships have been subjected to air raids; some of them belonged to Kuwait and others to the Kingdom of Saudi Arabia while the rest belonged to European, African and Asian countries. The only result has been the threat to navigation which is a vital means of transportation for all the countries in the region and with which they cannot do without.

If some believed that the threat is directed against a certain country in the Gulf, they have become aware that it is directed against them as it is directed against others. If some Gulf countries have encouraged the rulers of Iraq to raid the tankers which are loaded with Iranian oil--believing that this will deprive the Islamic Republic of great economic resources and will cause economic, political and military weakness--it is now these countries which are paralyzed by these raids and the fire has reached them.

The important thing is that after a period of time everyone has found out that the danger does not only threaten one place, that it does not only harm one country, and that the one which is least affected from these hostile practices is the Islamic Republic, in comparison to other Gulf countries which depend on Gulf navigation means for all their life support.

The Islamic Republic can manage without foreign trade for a long time while other countries cannot manage without it for 1 day. Thus, it is natural that this threat will force everyone to cooperate and coordinate in order to deter all dangers which threaten the safety and security of the Gulf region.

Out of its concern for everyone's safety, the Islamic Republic took this position and called upon the Gulf countries to play their role in protecting their interests and the interests of the others in the region.

These countries are requested to stop their economic aid to ruling regime in Baghdad. The Islamic Republic does not want anything more than this. The Islamic Republic is certain that Iraq will not be able to continue its aggressive war without this aid. This aid, which is the major support for the aggressive regime in Baghdad, also encourages the rulers of Iraq to continue their aggressive policies and to ignore the decisions and the calls issued by international bodies.

These groups have expressed their fears that the war might spread to other countries in the Persian Gulf. Instead of putting the interests of Saddam and their own personal interests above the interests of their people, they should take this golden opportunity to stop the war and to remove it from their homes. Otherwise the whole region will be subjected to destruction.

Our call to reconsider this position is a sincere and humanitarian call based on the interests of the peoples in this vital region. If there are some parties who do not like the call for peace, then let them have their share from the fire of war which will consume the kindling since there some parties who like to stir it up and add more fuel to it.

CSO: 4604/7

IRAN

NVOI WARNS IRAN ON VIOLATION OF AFGHAN TERRITORY

TA081438 (Clandestine) National Voice of Iran in Persian 1730 GMT 6 Oct 84

[Unattributed commentary: "Adventurism by Rulers of the Islamic Republic of Iran"]

[Text] Dear compatriots: The anti-people Islamic regime--whether in regard to its propaganda or its aggression against and interference with the people of the Democratic Republic of Afghanistan--actually ranks with U.S. imperialism and the region's reactionary regimes.

Cooperation and coordination by Iran's Islamic regime with U.S. imperialism in conspiring against Democratic Afghanistan has grown to such an extent that the Democratic Afghan Government was forced to protest and expose the policy of the Islamic rulers. On the instructions of U.S. imperialist circles, the so-called anti-imperialist Islamic regime of Iran is rushing headlong into carrying out plots, adventures, and aggression against Democratic Afghanistan.

In an article, the HAQIQAT-E ENQELAB-E SAWR newspaper disclosed the Iranian regime's hostile policy toward the Afghan people and government, and wrote: Interventions of various kinds and broad aspects by Iran's reactionary rulers are continuing against Afghanistan. According to this newspaper, some time ago an Iranian passenger airliner which was flying from Beijing to Tehran, despite warning by the Afghans, diverted from the International corridor and continued its flight within Afghan airspace. This was the third aggression by Iran against Afghan territory in the last 2 months.

As the dear compatriots are aware, a month ago Iranian border guard units committed aggression in Afghan territory in the (Chahar-Kuchak) area, and advanced more than 25 km into Afghanistan. Following this, the Islamic revolution guards attacked Afghanistan's border and customs post in the Islam Qala area, and killed two Afghan border guards and captured six others. These overt aggressions, as well as the support by leaders of the Islamic regime for the murdering lackey bands of the CIA who operate under the mask of Islam, indicate that Iran's reaction is now acting in consort with international imperialism.

The HAQIQATE-E ENQELAB-E SAWR newspaper correctly wrote: Iran's reaction has rejected the essence of the revolution against the shah's regime.

As we are aware, despite the conspiracies and aggressions of imperialism, regional reaction, and Iran's Islamic regime, Afghanistan's popular and democratic revolution is continuing its progress and is achieving new victories every day. The Afghan revolution, in this respect, can be an example for emancipated nations. It is this fact that has caused alarm and hostility on the part of rulers who have turned their backs on the Iranian revolution. These gentlemen, who have betrayed the goals of the Iranian nation's revolution, are rushing headlong in their hostility toward the Afghan revolution. But it should be stated that with respect to Afghanistan they will take their vain wishes to the grave. The stupid and bloodthirsty rulers of the Islamic regime should know that the patience and forbearance of the Afghan people and government have a limit, and they cannot leave the Islamic regime's aggressions without response.

In order to avoid creating any tensions in the region, the Democratic Afghan Government always has been and continues to be of the opinion that disputed issues between the two countries can and should be resolved through negotiations. However, the Islamic regime's dumb [Kudan] leaders should know that their plots against Democratic Afghanistan--which are carried out according to a plan by U.S. imperialism but in an Islamic wrapping--will achieve nothing for them except disgrace and shame. Our homeland's people decisively demand that plotting and aggression against Democratic Afghanistan be halted.

CSO: 4640/61

DEMONSTRATIONS AGAINST REGIME IN SEVERAL CITIES REPORTED

GF071730 (Clandestine) Radio Iran in Persian 1330 GMT 7 Oct 84

[Text] The Ashura Hoseyni [10th day of mourning for Hoseyn] mourning yesterday turned into widespread demonstrations against the Ayatollah Khomeyni regime in several cities in Iran. One of the slogan was "death to the Yazeed of age" [Yazeed was son of Moaviyyah, the Ommiad Calif, by whose order Imam Hoseyn, son of 'Ali, was martyred (proverbial for his cruelty and wickedness)]. These slogans were chanted in most of the cities of Iran.

First reports from the national elements say that in some of the demonstrations armed clashes took place at several points and mercenaries of Ruhollah Khomeyni had to open fire on the people to maintain the mourning.

In Tabriz, a group of mourners who had reached the radio and television building suddenly chanted "death to Khomeyni." Then all chanted the slogan of "death to the Yazeed of the age." Akhond Emani Kashani in Tehran expressed his regrets that the ceremony for the mourning for Hoseyn was accompanied by music.

We may remind you that 'Ali Khamene'i, the president of Khomeyni, had asked mourners a few days ago that the mournings during the month of Moharram should be accompanied with music. In Tehran at several points the religious mourning ceremony turned into demonstrations against the Islamic Republic regime. The people once again by paying due respect to this religious day, expressed their deep hatred and disgust against the criminal regime of Khomeyni and his ringleaders. The Islamic Republic authorities had formerly banned any kind of demonstrations without prior approval of the Interior Ministry. In order to prevent demonstrations and to control the anger of people, hundreds of guards had been posted on the route of the mourners. The same report adds that the Interior Ministry had banned participation of more than 16,000 clerics and sermon delivers from participating in the religious meetings.

CSO: 4640/63

FLI POLITICAL BUREAU ISSUES COMMUNIQUE

GF091102 (Clandestine) Radio Nejat-e Iran in Persian 0330 GMT 9 Oct 84

[Text] The sixth session of the political bureau of the Front for the Liberation of Iran [FLI] was held 6-7 October in the presence of Dr 'Ali Amini, coordinator; Dr Shahin Fatemi, secretary; and members of the political bureau of this front.

In this 2-day session the secretary presented a report on the monthly activities of different divisions of the FLI during two sessions. The reports on the internal affairs of Iran and reports on regional and international subjects were analyzed. After a review of center affairs and the future programs for struggle of the FLI, particularly internal activities, necessary decisions were made and the FLI administrative group was informed.

At the end of this session, and on the occasion of the 4th year of the Iran constitution, a communique was published by the political bureau of the FLI, as follows:

The FLI, considering the bitter experiences of the past 5 years and what has happened to the Iranian nation, and due to its belief in the final victory of the Iranian people in the battle between right and wrong and light and darkness, again announces its staunch belief in freedom, democracy, the constitution of Iran, and the system of constitutional monarchy as the main objectives of the struggle.

The FLI Political Bureau regards 31 October, the day the king declared his readiness to accept his historic responsibility, as the anniversary of the continuation of the constitution, and asks all countrymen inside and outside the country to show their presence in any way possible in order to preserve the continuation of our nation and our country.

The combatants of the FLI, at the same time as all other organizations and groups and patriotic people, continue with their struggle to restore national sovereignty and justice. According to the statements by Dr 'Ali Amini issued on 29 January 1981, in this great struggle we are not looking for any reward other than the freedom of Iran. Dear countrymen, it is our national duty on this day which is [words indistinct] the movement of royalists and patriots, in every way we can, by organizing demonstrations and participating in different activities, and thus show our determination in reaching our goal.

In hope of victory, [Signed] Political Bureau of FLI.

IRANIAN PAPFR CLARIFIES CONDITIONS FOR PEACE

GF061423 Tehran ETTELA'AT in Persian 23 Sep 84 p 1

[Editorial: "The Fall of Saddam"]

[Excerpts] During that part of the revolution when we were entangled in domestic problems and the resultant hardships, the coordination bureau played the role of an umbrella under which different groups, including those who sometimes apparently opposed each other, used to hold meetings. While exploiting the position and prestige of the president they were standing in queues in favor of the revolution. Traitors were the most important factors in military affairs, the liberals were most important in the political affairs, the liberals were most important in the political affairs, and different people or individuals, or mini-groups, also joined ranks with the liberals. When Bani-Sadr left the revolution field, all those who had invested in him suffered the most. They then adopted an attitude of isolation. It was obvious that every person or every group which had invested the most in his favor also suffered the most.

In some foreign problems and even in the war, Saddam appears to be playing this very role. Several countries have spent a lot to save him. The super-powers have set their hopes on Saddam. Some regional countries have also willy nilly linked their fate to Saddam. Some counterrevolutionary groups, particularly the traitors, have integral contact with Saddam and serve and serve as a tool in the hands of the Iraqi Ba'thist Party. The hijacking of aircraft is a part of this coordination plot.

One of the conditions which was announced by the Islamic Republic at the beginning of the imposed war, and on which they have been insisting so far, was that Saddam should be punished. This condition clarifies the following points:

1. A trial of Saddam and his subsequent punishment will show that the war was started by the Iraqi Ba'thist Party. This will also show the innocence of the Islamic Republic when it was attacked during the critical period of the revolution and suffered heavy damages.
2. Logical insistence and persistence for punishment of Saddam is one of the indisputable consequences of the imposed war, the war between Iran and Iraq,

which is being interpreted as a war between right and wrong. Iraq, with its opportunist attitude in political and international situations and in the imposed war, has shown that it is not stable. The reason for its relations with Egypt, and its tacit formal recognition of Israel are signs of its instability. The condition for the fall of Saddam is the sign of a powerful and durable culture. People stood against the aggression, and drove away the enemy from their homes, and now they want the aggressor to be punished. They insist on this and will continue to insist on this.

3. We have said here that the superpowers, powers, counterrevolutionary groups, and miscellaneous individuals have placed their hopes in Saddam. It has always happened that the superpowers have been either behind the scene or openly supporting one of the parties in any war, for example, the Vietnam war, the Korean war, and the war between the Arabs and Israel. But in the present case they could not hide themselves. Both superpowers prefer Saddam to the successful movement of the Islamic revolution. The reactionary countries, which are suffering under a burden of fear and dread, also feel that it is not possible to do anything against the wishes of the superpowers. Traitors also for materialising their aspirations, they tend to stoop as low as possible in their meanness and abjection.

4. Saddam himself is a picture of Pharaoah's conceit and vanity. He thought the war would be a 6-day war. He thought he was the chief of Gadesiyyeh [an historic city in Chaldea] and he considered the war as military recreation. We have already said that the commander of his armored corps No 10, who was operating in the Dezful-Shush axis, asked for the authority from Saddam in the early weeks of the war to take Tehran. It is obvious now that the condition and the situation of the war has changed completely. The fall of Saddam and the rubbing of the nose of this wolf, hungry for power and rule, is our condition.

Now when Saddam finds himself drowned in the Nile, he has become a Muslim and has started talks of peace and understanding. The war he imposed on us was in fact construction of a kiosk from where he could fire at the Islamic revolution.

CSO: 4640/65

ROLE OF TECHNOCRAT REPORTEDLY INCREASING IN GOVERNMENT

East Burnham ARABIA-THE ISLAMIC WORLD REVIEW in English No 38, Oct 84 pp 12-13

[Text] **A heated debate is raging in the Iranian parliament over who should run the economy, and how. These discussions are likely to have far-reaching implications for the Islamic regime, reports our special correspondent**

August saw an unusual display of criticism of Iran's government by members of the Majlis (parliament). At one stage, Prime Minister Mir Houssain Mossavi requested a vote of confidence in his cabinet.

The Majlis sessions provided a rare opportunity to find out what the issues are between opposing factions, and who is advocating them. The parliament confirmed 15 members of the cabinet in their present posts, but in an unexpected move rejected five ministers – those of higher education, education and training, industries, health, and defence.

Three of these ministerial positions were quickly filled by new appointees, though education and training, and defence are temporarily held by the prime minister for a period of two months, pending the emergence of candidates acceptable to the cabinet and parliament.

Perhaps the most widespread criticism of cabinet ministers by Majlis members was that committed Islamic forces were being dismissed or pushed to the sidelines in favour of greater control by technocrats. Almost all ministers were criticised on this issue.

One of the speakers, Mirzaie, opposing the industry minister, Hashami, and his

approach to Islamic societies within his department, complained: "Regarding Islamic societies there is a massive move across all the ministries to isolate committed Muslims. Technocrats are swallowing our best Muslim activists and there are 52 Islamic societies who are opposed to the quality of the ministry's work."

Even more to the point on this issue was Rahiml speaking in opposition to the minister of education and training, Parvarash: "The organisation for educational works was set up by martyrs Rajaie and Bahonar to take the revolution into schools. But Mr Parvarash believes that this institution was for the early phase of the revolution and is no longer needed. I suggest that if the institution is to be dissolved, this should be formally announced."

On the government side, the argument against various Islamic societies is that they have led to an unwarranted degree of interference with the functions of the ministries, and have weakened the authority of various government appointees. The problem seems to be particularly acute in the interior ministry, which – more than any other government department – comes into contact with these organisations in its daily activities.

The conflict is focused on constant clashes between the government-appointed city and town councillors and local Friday prayer leaders. Hojat-Al-Islam Natagh-Nuri, the interior minister, put his views forcefully when he said to parliament: "Islamic societies have no right to interfere with management, and their duties must be clearly defined." Natagh-Nuri's demand was echoed a week later by Ayatollah Khomeini when, in a

speech to the Council of Guardians, he strongly criticised the clergy and Friday-prayer imams for straying too far from the mosques and interfering in politics where they were not needed.

Complaints by government officials of interference in their work by non-appointed clergy and Islamic societies is not new: it has been a continuous theme in Iranian politics since the provisional government of Dr Mehdi Bazargan.

Khomeini has made similar remarks in the past. What has given the issue a fresh impetus is the emergence of a new trend in parliament in favour of reducing government administration.

A leading representative of this trend, Golam Housain Nadi, defended the new housing minister, Kazaroni, on the grounds that he is opposed to expansion of government administration and believes that management of housing should be the responsibility of the private sector.

Those in favour of abolishing the rationing system have also argued that such a policy would reduce administrative costs and release much-needed manpower. It is in this context that Khomeini's recent criticism of the clergy assumes a new significance.

An important element in the policies of this new trend is the defence of the private sector and free-market economy. The government has based its adherence to strict state control on the hardship that a free-market economy can cause to the poor, so weakening its social base. In an amendment to the Provision and Distribution of Commodities Act, discussed in parliament a few days before the debate on the cabinet ministers, Ali Aqa Mohanadi, defending the amendment, argued that, given the massive increase in liquidity in recent years and the 16 per cent reduction in the supply of commodities, any relaxation of rationing in essential goods would lead to massive price increases and probably result in hoarding by those who possess idle money. This would put many essentials out of the reach of ordinary people.

The supporters of the private sector also recognise the recent increases in liquidity and volume of money in circulation, but draw quite different conclusions. The most articulate advocate of non-interference of the state in the economy is a clergyman, Gholam Houssein Nadi.

In a speech to parliament opposing Dr Namazi, the economics and finance minister, Nadi outlined the key elements in the economic policies of the

increasingly dominant philosophy of the free-market economy. The root of shortages, Nadi argued, is sluggish production; and so, rather than imposing rationing, production should be increased. This should be achieved primarily through monetarist policies.

Inflation should be reduced through deflationary measures and the restriction of credit. In particular, government credits allocated to subsidies, which have mainly financed the consumer at the expense of the producer during the last three years, must be removed. Finally, Nadi advocated a shift in the burden of taxation from oil to non-oil sources as an additional means to fight inflation.

In his reply, the economics minister, Namazi, pointed out that such non-oil tax revenue can come from agriculture or industry, or from wages and salaries. Agriculture is exempt from taxation due to the priority given by the government to peasant production. Industry is in such a state that it can prove only limited tax revenue. Namazi ruled out increased taxation of wages because of low income levels.

Despite such reservations, the government has shown increasing willingness to accommodate the private sector. Perhaps the clearest proof of this is to be found in the industry ministry. The new minister, Shafaie, was defended for his policy of confining state control to large or heavy industries where the private sector is unlikely to have the resources or the interest to participate, leaving all other industries effectively to the private sector.

This policy has been in operation for some time, and was initiated by the former industries minister, Hashami, who failed to gain parliament's vote of confidence for his reappointment. The same kind of policy has now been formalised in the trade ministry. The August statement by Ayatollah Khomeini in support of the bazaar merchants, to the effect that state activities should be confined to areas in which the private sector is not able to participate, has consolidated this trend.

The government therefore seems to have recognised the need for measures to attract idle liquid funds to the private sector. So far, though, it has resisted pressures to extend the sector to the area of essential commodities in short supply. A notable exception to this is in housing, where the new minister favours a limited role for the government and greater "public" participation in this area.

However, opposition to ministers

sometimes took a personal form. Hassan Habibi, the new minister of justice, and author of many books on the Palestinians and on social theory, was criticised for his past "liberal" associations with Bazargan, the Mujahideen and Bani Sadr.

Particularly interesting was the charge levelled against the heavy industries minister, Bahzad Nabavi, of being a former communist and favouring commercial relations with Eastern bloc states. The accuser was Badamchian, himself an advocate of economic liberalisation. Nabavi responded by saying that there are witnesses in the parliament that since 1972 at least he has been a practising Muslim, and he has now obtained a certificate from parliament to that effect.

Nabavi argued that his opponents in the parliament had undertaken such a personal attack because in the past "some of us believed that the principal struggle was against the Shah's regime, whereas others believed it was against Marxism."

The main issue behind what Nabavi termed the "terror of personality" seems to be the extent of private-sector control over the industries covered by his ministry. "I am being attacked as a symbol of a current of thought," he said.

The political weight of "non-interventionists" – those favouring a reduction of the spheres of government administration – is clearly increasing. Even the cautious attitude of the government to state control of essential goods and services seem to be giving way to the rising tide of non-interventionism.

The appointment of the new housing minister, Kazaroni, brings together many features of the new situation. He is a graduate of town planning. It is his experience as a technocrat which qualified him for the job, and he has little in the way of a radical Islamic record.

Kazaroni's supporters in the parliament say that he is opposed to significant government involvement in the provision of housing, and that he seeks to make local councils self-sufficient by raising revenue from town-dwellers. His opponents point out that he wants to confine the ministry to a decision-making centre presiding over consultant engineers and contractors who would carry out the actual work.

Kazaroni is a former contractor, and it is an indication of the changing complexion of the parliament that the previous parliament rejected him as a proposed minister; a point not lost on his

critics. This time he secured a vote of confidence. In a recent meeting between President Khamenei and Kazaroni, the president emphasised that the housing ministry "should be changed into the planning brain and avoid involvement in administrative work."

Recent moves towards a non-interventionist policy and a greater say for the private sector have often been interpreted to mean a greater influence for those in favour of ending the Gulf war. But the political division between the interventionists and non-interventionists is not the same as that of pro- and anti-war. In fact, to a large extent, the move towards a non-interventionist strategy arises from a political commitment to continue the war.

The picture that emerges is one of a government in a transitional phase: it is being attacked by those who supported its past policies and by those who back the new strategy of non-intervention, and believe that the government is not changing its policies rapidly enough in that direction.

The ascendancy of technocrats at the expense of the ideologically committed within the state apparatus has been evident for some time now. In Iran the Islamic ideology does not seem to have made significant headway within the educated middle class, with the result that after the revolution Islamic and committed technocrats were limited in number. The continuation of the war has put further pressure on the technical and manpower capacity of the new regime. Under these circumstances, reliance on the free-market and private sector is a way out.

The government can hand over some of its functions to the technocrats in the private sector with the profit motive playing a key role, and the sale of state industries should also bring in extra cash at times of falling oil exports.

Apart from housing, other government departments dealing with essential commodities have been kept out of private reach, though the agriculture minister, Dr Zali, has spoken of the possibility of removing bread subsidies so that "we can eat bread at cost prices". However, the experience of leaving rice supply to the open market some time ago, which led to a price explosion and street unrest, must have been an important factor in government circles in resisting the tide of liberalisation as far as essential goods and services are concerned.

RAFSANJANI: EDUCATORS HAVE UTMOST RIGHT FOR POLITICAL INVOLVEMENT

Tehran SOBH-E AZADEGAN in Persian 15 Sep 84 pp 2, 14

[Text] Thursday a group of members of the Muslim Teachers' Association met with Hojjat ol-Eslam va ol-Moslemin Hashemi Rafsanjani, speaker of the Majlis.

In a talk given at this meeting, Mr Hashemi Rafsanjani said: I was closely associated with the initial organization of the Muslim Teachers' Association. This organization began working under the most difficult conditions, and it was a bulwark of resistance at the most sensitive stages of the revolution. Whether members of the association or not, committed teachers were actually one of the effective forces in illuminating the subject of equipping the people. Assembling the teachers in an organization naturally made them more connected and vigorous. In view of the memories we have of the pioneers of this movement, Martyrs Raja'i and Bahonar, and the goals that they envisioned, we hope that this association will be able to play a powerful and more effective role in teaching and training, for the pioneers of this movement wanted nothing unless it was for Islam and the revolution. They always considered the counterrevolution the widest field for attracting youthful teaching and training personnel. Naturally, in the face of the counterrevolution, which wanted to penetrate this field in every way, in those entanglements of the revolution, managing and training young people and preventing their deviation was a very difficult. In this connection, the best cultural forces, such as Martyr Beheshti, who was retired from his teaching position, and Martyrs Raja'i and Bahonar, who were separated from culture as such, dedicated themselves to restore the state of teaching and training. Perhaps we can claim that the Muslim Teachers' Association was one of the best factors in this movement to restore teaching and training. We must not think now, because the revolution has been victorious, that there is no longer a need for a Muslim association. On the contrary, a Muslim association, like all the other sources of devotion, guidance, and propaganda, which must always accompany a human being, is necessary: the possibility of contamination by germs always exists. Furthermore, the older teachers must transfer their experience and understanding to the new teachers.

Teachers must breathe in an atmosphere that is free of personal political concerns, but of course this does not mean that they must not get involved in politics; indeed, teachers have the utmost rights in politics.

This is the same policy that prevails in the Islamic Republic; their guidance must always be in the path of truth and the true Islam, always presented in a sound atmosphere. The responsibility of teaching and training must be performed in the shadow of the teacher's own soundness. Continuing, Mr Hashemi Rafsanjani added: All of the country's officials are agreed that the Islamic associations are valuable in all organizations, factories, universities, and schools; the necessary price must be paid for them. For this purpose they themselves must be sound; no one that we fought when we were on the outside should now be demanding his due. Work must be done in all periods, whether they be times of difficulty or peace. The need for Islamic associations must never cease at any time, and these associations must of course be careful not to admit unsuitable people. Although the impure have penetrated throughout history, even into the homes of the imams and prophets, one must look out for them in any case. Within their realms in the institutions, ministries, and elsewhere, the Islamic associations must identify unsuitable people and those who place obstacles in the way of the peoples' work and point them out to the officials of that ministry or institution. In this work, of course, everyone must approach the work soundly. The Islamic societies also serve the revolution as a conservative force. If members of the Islamic associations do not seek personal views, an atmosphere of acceptance will develop in the work environment and a spirit of familiarity will be created. In order to achieve this value, you must first criticize yourselves and try to put your own environment in order. Do not be extremist; maintain sound methods in your work, and raise the level of your thinking with classes on the inner life and ethical programs. Today the officials and leadership of the revolution have good memories of the Islamic associations; they have never questioned these organizations for any deviation or corruption. If there were weaknesses, they were very insignificant, and at the same time they were in a position of authority.

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IRAN

REVOLUTION GUARDS COMMANDER DISCUSSES IRAN-IRAQ WAR

Tehran PEYAM-E ENQELAB in Persian No 119, 15 Sep 84 pp 28-31

[Article: "A Conversation with Brother Mohsen Reza'i, Commander of the Revolutionary Guards, Concerning the Imposed War."]

[Text] In the Name of God.

As the fourth anniversary of the imposed war approaches, we visited brother Mohsen Reza'i, Commander of the Revolutionary Guards and discussed the above matter with him.

Q - Brother Reza'i, thank you for giving your time to PEYAM-E ENQELAB. The first question is, what is your analysis of this imposed war, 48 months after it was launched against the Islamic revolution by the superpowers?

A - In the Name of God, the Merciful, the Compassionate. Each of the imperialist powers of East and West, for various reasons, in order to help the ruling party in Iraq (the Ba'th Party), created the imposed war against our revolutionary and martyr-nurturing nation. The Soviets did so in order to attain greater dominance to the north of the Persian Gulf and because of their need for a weak Iran; the Americans did so in order to get even and apply pressure in order to return again. The expansionist spirit of Saddam himself and the Ba'th Party joined hands with them, and they made a great mistake. They made this mistake because the superpowers, lacking a proper understanding of the people and the Islamic revolution, thought that we would be incapable of a military engagement for the next 20, 30, or even 40 years. They thought our army had disintegrated, and therefore committed all the forces they had to the ground inside our country, leaving themselves no reserves. On the other hand, they left their flank exposed to us. As a result of these military mistakes and explicit measures of theirs, the combatants of Islam planned one operation after another and destroyed the Ba'thist enemy step by step. With the liberation of Khorramshahr, one of our enemies' objectives after their arrival, and a part of Khuzestan which they had occupied, this objective was declared defeated and their plan was thwarted. We had taken the first step towards victory. They began a new plot; they wanted to keep Saddam right beside our southern border and to have the cities of Abadan, Khorramshahr and our principal border cities remain without residential areas or going back to work. This is why we felt the need to continue our battle. These days, after

Operation Kheybar, the situation has changed again. Today, the world has come to seriously doubt the capabilities of Saddam and the Ba'th Party to face the Islamic Revolution. This is the same doubt that existed in the time of the shah, the same doubt that prevented the Americans from carrying out their plans through the shah in Iran against the Islamic revolution, because doubts kept the American political elite from taking decisive action. Today we are again faced with the same activity and the same objectives in Iraq, and the world has again come to doubt Saddam's ability, both to confront the Islamic revolution and to govern the Iraqi nation. They have even announced this doubt to us; the world is even lamely asking us to stop the war and to stop pursuing Iraq.

We see great hopes and good prospects in the enemy's situation. The first thing is that the morale of the Iraqi soldier, compared to that of the beginning of the war and two to three years ago, has completely vanished, first of all because they have no ideological belief or motivation due to Saddam himself and the Ba'th Party; Saddam is neither a Muslim in whom the Muslims of Iraq and the Iraqi Muslim soldiers can believe, nor does he possess other ideological characteristics to produce this loyalty to him. On the other hand, the Iraqi soldiers have been fighting for four years and they are tired of it. Furthermore, during these four years these Iraqis have been continuously defeated; the defeats may have been major or minor ones, but in any case it has always been these Iraqis who have been defeated, and have taken very heavy casualties. According to the official statistics of an international organization, the Iraqis so far have had 120,000 fatalities alone in the war, aside from the prisoners and maimed and wounded they have suffered in the course of the war. These are heavy casualties for the Iraqi population, which is a limited one. This weariness of war, these repeated defeats, and the fact that they see themselves alongside our cities of Abadan and Khorramshahr, the fact that the Iraqis have fully understood and know that we are against the Soviet Union and America, the fact that the Iraqi soldiers see that France, the Soviet Union, and America are aligned with Saddam, has made us entirely hopeful concerning this matter. The strong spirit in our people for defending the country and confronting foreign forces who want to impose things on us on the one hand, and the weak morale of the Iraqis on the other hand has made us entirely hopeful and optimistic about the future of the war. We hope, God willing, to be able in the future to take basic and calculated steps.

Q - Brother Reza'i, please tell us about the situation at the fronts regarding the volunteer forces, including brothers of the revolutionary guard and the mobilization.

A - Praise God, today we have a very good mobilization force at the war fronts and in Kordestan, just as the media has reported. We carried out the biggest operation in order to clean up the Province of West Azarbaijan in Operation Fatah, in which our brothers achieved brilliant victories. Their victories bespeak a full mobilization in the field. The imposed war fronts are the same way; forces are continually arriving and being organized and prepared for operation, and they are very well and appropriately deployed.

Q - How do you assess the repeated coup d'etat plots that have been uncovered in Iraq?

A - These coups d'etat illustrate that low morale I mentioned in the beginning. The internal situation in Iraq, the army's war-weariness, are all factors that lead to these things. There is never a day when there are no disagreements within the Iraqi army, and confrontations, executions, clashes, and desertions. These things are due to a long war of defeat and great economic pressure on the Iraqis. Today it has become intolerable, and they can take no more, and clearly they have been decisively drawn to reactions such as these coups d'etat.

Q - The Hamzeh Seyyed al-Shohada' outpost has recently given the counterrevolutionaries of Kordestan a final grace period in which to give themselves up. Please tell us, brother Reza'i, what this grace period means, and what plans there are in the future for the full cleansing of Kordestan of the contamination of insurgents and counterrevolutionaries.

A - This grace period is to allow those who have the slightest humanitarian feeling in their hearts to return to their own country and the Islamic republic and escape the trap of the devils and foreign forces instead of opposing the dear ones and the brothers and sisters of their own country. This opportunity and this permission has been given to them to return to the heart of the nation of Iran and the embrace of Islam. We hope that all those who have heard this "message of the revolution," the message of the government of the Islamic republic, will come, do these things, and make use of this last grace period so that we won't be forced to come with the force of arms and find them in the streets, alleys, ditches and valleys. At that point it is unlikely that the combatants of Islam will be lenient with them, and in any case at that point the heat of the combatants' weapons will leave little likelihood for the continuation of their lives.

Q - How do you assess the current status of the western and southern war fronts, the Majnun Island areas, the Abadan Palace, and so forth?

A - The status of the war fronts and the forces there is very good. The enemy's situation all along the southern front is very bad because of the terror that has developed in them. They have even lost confidence in their barbed wire and mine channels; they flooded them and placed their confidence in these channels, this barbed wire, and these mine fields, but they could not stop the combatants of Islam, who came and even made use of these obstacles. This demonstrates the enemy's weakness and our dominance at the battle front.

Q - Brother Reza'i, please comment on the morale of the combatants of Islam and the quality of their cooperation.

A - Our combatants are fighting to defend Islam and an Islamic country, to defend Khuzistan, to defend Abadan, to defend Khorramshahr, to defend the petroleum, to defend the treasury, to defend the country's economy, and to defend the national assets of a nation of oppressed, homeless, and shelter-seeking people. This is a very powerful spirit and motivation; its effects

today are such that we are in a very good situation, in unity and cooperation with the brothers in the army. The dear brothers of the reconstruction crusade, the revolutionary guards, the army, and all the other forces are today totally coordinated and interconnected at the fronts. Perhaps it can be said that in a great many groups the cooperation and its quality are higher than in previous years. All the forces are fighting at the fronts. Recently, they have been fully activated, praise God, due to the activities of the government and the ministries such as the Ministry of Roads and Transportation, the Ministry of Power, the Ministry of Reconstruction, and a number of other ministries that have made very good efforts to enter the fronts, and are now serving and fulfilling responsibilities.

Q - As a final question, with your continuous presence at the battle fronts of the Truth against the Vain, if you have any any interesting recollections of divine intervention at the fronts, or if you have heard of such things, please elaborate.

A - God Almighty says: "If you help God, He will help you." We have palpably felt this verse many times in operations. Under difficult conditions when it was beyond our power to do anything, first the boundless power of God would come to the field and render great assistance. In our country the attributes of God are manifested everywhere, but on the battlefields, the powers of God are more manifest. Whoever wishes to see the power of God must come to the battlefields, because there is the place where the power of God Almighty is manifested. We saw this in Operation Kheybar, when the enemy tried to take back the Islands of Kheybar on the seventh day. It was around 5 p.m. when the brothers announced that the enemy had come and taken some of the embankments. Anxiety came over the commanders. Later, when we had precise information about the line, and what we had recognized and sensed ourselves at the same time, we knew where the enemy would attack. The attack would come at a point where a company low on ammunition was positioned. In order to take advantage of this opportunity, the enemy had come to an embankment where forces belonging to this company were located and taken a position. At that moment an old wounded man stretched his bloody hand to the sky and said: Oh God, we have been fighting for seven days and nights and protected the embankment of the Imam of the Age (May God Hasten His Joyful Advent). These Iraqis have now come and taken the embankment; come down and do something yourself...

Several minutes later, when the enemy was ready and was ordering his tanks to destroy the Iranian embankments and follow the infantry in, a storm rose up that blew sand all the way to the end of our position. The Iraqi commanders on top of the tanks cried out that they could go no further. 'We cannot see anything.' The commanders above them told them to advance at any cost, saying: 'After a week of firing on these islands and all these casualties, you have taken part of an embankment. You must follow them and expand this victory we have gained, take the Iranian embankment, and destroy all of them.' The Iraqi tank commander, however, said: 'We cannot see even five meters.'

God says: "If we make you victorious, no one can prevail over you." This firm and clear statement from the Glorious Koran shows that the war front is controlled by Almighty God, and we hope that Almighty God will make the combatants of Islam worthy to continue the just battle. God willing....

Peace be upon you and the blessings and mercy of God.

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IRAN

1983 TRADE WITH BULGARIA INCREASED 3.5 TIMES SINCE 1979

Tehran BURS in Persian 17 Sep 84 p 5

[Text] Ceremonies for Bulgaria's National Day were held on the fifth day of the International Trade Show, attended by the Bulgarian Minister of Machine Construction Industries, the Bulgarian Ambassador to Iran, our country's Minister of Heavy Industries, and a number of officials from countries participating in the trade show. The ISLAMIC REPUBLIC NEWS AGENCY correspondent reports that the ceremonies began with a speech from the Bulgarian Minister of Machine Construction Industries. He said: Our country attaches importance to the expansion of relations, as well as economic, cultural, and political cooperation with the countries of the world on the basis of mutual interest. A prominent example of such bilateral cooperation is the expansion of economic relations with the Islamic Republic of Iran since the Islamic revolution. He noted that the volume of trade between Iran and Bulgaria in 1983 was 3.5 times greater than it was in 1979. He said: Bulgaria's economic cooperation with Iran is firmly based on the export of goods and equipment for agriculture, heavy industry, power, transportation and freight, light industry, and several other commercial products to Iran, and the purchase of oil, metals, knitted products, and products and commodities from Iran handicraft industries in return. He noted: In addition to these things, the two countries also cooperate in the areas of industry, construction of factories in the food industries, dam construction, and the construction of various cranes.

Mr Behzad Nabavi, our country's Minister of Heavy Industries, then noted that as the fifth anniversary of Iraq's imposed war on our country begins, the tenth Tehran International Trade Show has been more successful than its predecessors, with extensive participation from the countries and the presence of these countries' top officials. He said:

The policy of the Islamic Republic of Iran since the revolution has been built upon cutting off the superpowers and the world imperialists, especially America, in the areas of economics and technology, and the greatest closeness possible with the countries of the third world who have not had and do not have imperialist designs on us has been firmly established. We have succeeded in implementing this policy, since America has been removed as Iran's first trading partner, and we are proud now of not having economic and commercial relations with this country.

He confirmed the Bulgarian Minister of Machine Construction's statement that the volume of trade between the two countries is 3.5 times greater than it was at the time of the Islamic revolution, and expressed the hope that Iran and Bulgaria would be able to take effective steps to increase and expand economic and social cooperation.

At the conclusion of these ceremonies the ministers of the two countries visited the Bulgarian booth at the trade show. They then visited the various booths of the Ministry of Heavy Industries, including those of the Iran Self-Sufficiency Center, Iran Auto Parts Production, Tabriz Tractor Construction, semi-lightweight steel contours factories, aluminum smelting and rolling, Iran Pump, Arak Machine Construction, a sample Renault for export to Bulgaria, Iran Motorbike, steel rolling and parts production, Pars Wagon Company, and several other production units from factories under the mantle of this ministry, with the necessary explanations being provided by officials.

9310
CSO: 4640/34

IRAN

NORWAY'S EXPORTS TO IRAN REPORTEDLY REACH 28 MILLION DOLLARS

Tehran BURS in Persian 17 Sep 84 p 5

[Article: ["Last Year Norway Exported 28 Million Dollars in Goods to Iran"]

[Text] Observances for Norway's National Day were held at the site of the International Trade Show, attended by Bahram Sadeqi-Pur, Deputy Minister in the General Administration of Developed Countries and Free Economies of the Ministry of Commerce, the Norwegian Ambassador to the Islamic Republic of Iran, and several economic officials from the two countries. Nicolai Alfred Flikner, the Norwegian Ambassador, began the ceremonies with a short speech in which he referred to the economic relations between the two countries. He said: The Norwegian economy is established well enough that today it exports half of its production. He added: This country can cooperate closely with the Islamic Republic of Iran on projects in electrical power, construction of electrical power stations, metals, mines, transportation, electronic communications, and construction work. The Deputy Minister in the General Administration of Developed Countries and Free Economies of the Ministry of Commerce gave a speech. He said: The volume of trade between the Islamic Republic of Iran and Norway has increased in the years since the triumph of the Islamic revolution, and this is an illustration of the desire and inclination in both countries to expand relations. He noted: Iran imports such things from Norway as motors, steel, chemicals, paper, and flour, and in turn exports carpets and dried fruits to Norway. At the conclusion of these ceremonies, the Norwegian Ambassador in Tehran gave an exclusive interview to the ISLAMIC REPUBLIC NEWS AGENCY. He said: This is the first time since the triumph of the splendid Islamic revolution of Iran that Norway has participated in the Tehran International Trade Show. He added: Trade relations between the Islamic Republic of Iran are today normalized again; in 1982 Norway exported the equivalent of 28 million dollars in goods to Iran, and in turn imported 10 million dollars in dried fruits and carpets from Iran. He added: Norway has made a proposal for the modernization of the Arak aluminum plant, which I hope will be approved by the Islamic Republic of Iran after being studied. In conclusion, he said: Norway has 20 years of experience extracting petroleum from the ground and from off-shore locations, and it is hoped that in the future Norwegian experts will be able to cooperate with the Islamic Republic of Iran in the area of petroleum extraction.

9310

CSO: 4640/34

BRIEFS

ARMENIANS LEAVE FOR BATTLEFRONT--In continuation of the departure of the various sectors of the Iranian people to the front of the war imposed by the Iraqi regime on the Islamic revolution, a group of Armenian industrialists in Arak--following ceremonies held at the Armenian church in Ahvaz--have left for the battlefield. In a statement by a representative of the group of Armenian industrialists, a member of the Armenian Church Council in Arak emphasized the need of the various sectors of the Iranian people to participate in the imposed war until final victory is achieved and the Saddam regime is overthrown. He said that the group of Iranian Armenian industrialists left for the battlefronts out of loyalty to the Islamic revolution. He added: The anxiousness of religious minorities to go to the front of the imposed war is a serious blow to the fabrications and claims of foreign media on the deterioration of the conditions of religious minorities in Islamic Iran. [Text] [Tehran International Service in Arabic 0400 GMT 12 Oct 84 GF]

ARRESTS DURING 'ASHURA--Reports reaching Paris say that 200 persons who engaged in antiregime demonstrations in Tabriz have been arrested. Yesterday, certain national elements (?after the arrest of five persons) turned an 'Ashura mourning procession into a protest march against the regime of Ruhollah Khomeyni. They cut electric power lines to several towns in western Azerbaijan after 1830 and plunged the area into darkness to demonstrate their deep anger toward the clerics' regime and in support of all patriots struggling for the liberation of the country. Reports received indicate that throughout last night the towns of Naqadeh (Kulm) Shahrud, (Siyah Chashmeh), Rizaiyeh, and Sar Dasht were plunged into darkness and power lines in the region remained (?cut). [Text] [(Clandestine) Radio Iran in Persian 1330 GMT 11 Oct 84 GF]

SCHOOL 'USURPED'--Billions of rials of property of Iran's Open University have become the property of four officials of the Islamic Republic through the formation of an education company. The advertisement regarding formation of this company was published in the Islamic Republic media by the office for registration of companies. All computer facilities, office equipment, and all film and video equipment have been usurped by the four partners of the company. They are: Haj Ahmad Khomeyni, Khomeyni's son Seyyed 'Ali Khamene'i, Khomeyni's president; 'Ali Akbar Hashemi-Rafsanjani, the Majlis speaker; and Mir Hoseyn Musavi, the prime minister of the regime. The advertisement about the formation of the company cites its capital as only 10 million rials. [Text] [(Clandestine) Radio Iran in Persian 1330 GMT 6 Oct 84 GF]

U.S. TRADE TEAM TO VISIT

Karachi DAWN Business Supplement in English 3 Oct 84 p I

[Text]

KARACHI, Oct 2: A delegation of potential investors from the United States is expected to visit Pakistan in early December to explore the possibilities of investment in Pakistan and discuss specific proposals for joint ventures, it was learnt today.

The delegation, which comprises of 10 to 15 top executives of leading companies, will stay for about 5 days and hold consultation and discussions with Government and private entrepreneurs.

Pakistan's Commercial Counsellor in New York has sent a list of companies interested in investing in Pakistan and the areas of their interest.

The companies include AMF Group, American Maize Products Co, American Sun Systems, Deezee Chemical, Keyes Fibre Company, DIMIS, Bunker Ramo Information, Data Switch, International Food Storage, Keeton Fisheries Consultant.

Some of the products in which American companies are interested to invest, are:

Auto, rubber, tobacco products, leisure and sports equipment, textile and sewing machinery, food, fruit and beverage processing, boats and sail craft, sportswear and garments, bowling alleys and equipment, industrial and high tech filtration system, industrial controls and switches, biological and diagnostic test chemical agents, onshore and offshore oil exploration and drilling, corn-based sweeteners and food ingredients, cigars, sweets and construction materials, solar panels and solar water heating systems, chemicals for textile industries, fibre and foam packaging containers, disposable tableware, packaging and shipping materials, custom design and molden packaging for manufactured goods such as light bulbs, appliances, watches, China glass, computer, computer systems and software, computerised banking and electronic funds transfer system, software, food storage, refrigeration and transport facilities, and solar-based irrigation systems.

The list of companies has already been circulated among trade bodies. —PPI

CSO: 4600/26

RICE EXPORT EARNS 4 BILLION RUPEES

Karachi DAWN Business Supplement in English 3 Oct 84 p I

[Text]

MUZAFFARGARH, Oct 2: Pakistan has improved its economic condition by exporting one million tons of rice and earning foreign exchange worth Rs 4 billion. It was stated here by Pirzada Khurshid-ul-Haq, member of Punjab Vegetable and Fruit Board and President of Anjuman Falah-i-Kashtkaran Pakistan, while addressing a Press conference here.

He said that after a shortfall in cotton production, export of rice had attained a new high, with about 11 per cent increase as compared to that in the preceding year. One of the main factors contributing to the increase in rice production was the inclusion of Muzaffargarh, Dera Ghazi Khan, Rahimyar Khan and Bahawalpur in the rice growing areas.

He claimed that rice growers had

achieved the target fixed by the Government two years ago and got a record production. He demanded for setting up of a rice-sheller for rice husking in Muzaffargarh for the convenience of the growers. He said that Government should set up a rice research institute or station to evolve new varieties and for the guidance of growers to save the crop from the ravages of pest attack. Pirzada said that Government should introduce pest scouting scheme in rice producing areas like cotton. He expressed fear that rice production might decline if Government did not solve growers' problems.

He complained that sub-standard rice was being mixed with Pakistan's superior rice in international markets on the pretext of re-cleaning the rice.

CSO: 4600/26

CHANGE IN FOREIGN AID PATTERN SOUGHT

Karachi DAWN in English 3 Oct 84 p 8

[Text]

ISLAMABAD, Oct 2: the Federal Minister for Planning and Development, Dr Mahbubul Haq, has suggested that before the Aid-to-Pakistan consortium meets later this year, the World Bank, in consultation with Pakistan's Planning Commission, should make a professional analysis of the levels and composition of foreign assistance to Pakistan so as to make it fully commensurate with national development priorities as reflected in the Sixth Plan.

He was talking to the five-member World Bank mission to Pakistan here on Tuesday morning.

Dr Mahbubul Haq said that while the overall level of foreign assistance to Pakistan had increased substantially, particularly during the last two years, its overall composition had changed from flexible non-project aid to long-term project assistance, mainly in energy, water and transport sectors. Such a mix made aid disbursement difficult and slow and has led to some unnecessary build-up of the aid pipeline.

Sufficient project aid had also not become available for the social sectors and for private investment despite the very high priority given to these sectors in the Sixth Five Year plan.

The Minister said that Pakistan would like foreign assistance to be more programme-oriented than project-bound, so that it could be disbursed more quickly and Pakistan could adjust it to its domestic resources and development priorities.

Earlier, the World Bank mission, in its review, paid glowing tributes to Pakistan's macro-economic policies which have resulted in notable strides in economic development during the last six years.

The mission said such progress can hardly be equalled by a handful of less developed countries. It particularly noted that the Pakistan Government's policies have resulted in sustained growth, and a wider distribution of income and benefits of growth. The mission said that although fiscal year 1983-84 was particularly bad for ag-

riculture due to unforeseen natural causes, Pakistan was able to achieve a respectable GDP growth rate of 4.5 per cent. Continued prudent economic management, combined with short term policy measures designed to minimise the negative impact of shortfall in cotton on the textile industry, contributed to the favourable outcome of the last financial year, the mission added.

The World Bank mission also praised containment of Pakistan's monetary growth and decline in the rate of inflation. It also complimented Pakistan's budgetary policies, particularly significant growth in current expenditures on economic and social services in real terms, suggesting increased efforts to make up deficiencies in the provision of operating and maintenance expenditure for public services.

The mission stressed the need for continued efforts at domestic resource mobilisation, which was essential for improvement in the investment-GDP ratio.—APP

CSO: 4600/26

HINDU-JEW 'CONSPIRACY' PREPARES ATTACK ON ATOMIC INSTALLATION

Lahore NAWA-I-WAQT in Urdu 16 Sep 84 p 2

[Editorial: "Hindu-Jew Collaboration Against Pakistan"]

[Text] The U.S. administration and U.S. intelligence experts have told members of the Senate that there is the possibility of an Indian air attack on the atomic installations of Pakistan similar to the one carried out in 1981 by the Israeli Air Force on the atomic installations of Iraq. According to these experts, there is also a possibility that Israel will provide technical information to India.

Mr Cord Meyer, columnist for the WASHINGTON TIMES, has written this news with reference to information received from well-informed sources at ABC, America's second largest television network. With regard to the Hindu-Jew conspiracy against Pakistan, he has expressed the view that both these countries are extremely frightened of the so-called "Muslim bomb." Although both these countries possess atomic weapons, they cannot tolerate the fact that some other country in that region might acquire that skill. This columnist has also written that the fundamental objective of the exploitation initiated by Senator Cranston against Pakistan is to provoke Israel and India to attack Pakistan's atomic installations.

The Hindu-Jew conspiracy against Pakistan is generally regarded as an imaginary thing in the West. Being deluded by them, an outstanding political leader of Pakistan also declared the designation Hindu-Jew as an invention of NAWA-I-WAQT. However, the reason given by the American columnist for the anti-Pakistan collaboration by Israel and India clearly indicates that the Hindu-Jew appellation is not an imaginary issue but a solid fact. Israel and India are both prepared to go to any extreme to maintain their superiority and monopoly over the preparation of nuclear technology and weapons. At present, in the entire Islamic world, Pakistan alone has attained the honor of trying to gain control over nuclear technology despite its very limited resources and extreme opposition by the Western countries. Israel and India are afraid that if Pakistan succeeds in its efforts, their dream of superiority and monopoly will go unfulfilled. The Western powers, on the other hand, wish and are trying to prevent Pakistan from gaining control over nuclear technology because, through Pakistan, the other Islamic countries will also acquire this technology. The Western countries, therefore, have started a baseless but extremely wicked campaign against Pakistan's atomic program. One of the proofs of their encouragement

to Israel and India to collaborate against Pakistan is that both these countries are far ahead of Pakistan in their atomic program. In May 1974, India also carried out an atomic explosion. As for Israel, Western sources often say that during the initial stages of the October 1973 war, when Egypt and Syria struck a fatal blow to Israel, as a final action, Israel had decided to use atomic weapons. However, this did not happen because America changed the course of the war by providing full and total support to Israel. Egyptian President Sadat was compelled to note that the Arabs can fight Israel but not America. Despite Israel and India's open and universally accepted progress in the atomic field, the truth of the matter is that the Western media do stir up trouble about Pakistan's "Islamic bomb" but never even hint about the "Hindu bomb" of India and the "Jewish bomb" of Israel.

When Western sources talk about the Indian air attack on the atomic installations of Pakistan, their aim is not only to point to the possible danger but to prepare the world mentally for this sort of attack, so that if such an incident does take place, no one, on the world stage, sees it as something unexpected and there is no severe reaction to it. The possible danger about which the members of the Senate have been informed by the U.S. administration and intelligence experts--that, too, can be seen as a part of the method of approach by the Western powers. For the past few months, the shadow of anxiety over the internal situation in India seems to be growing longer and deeper. Mrs Gandhi can also use this as an excuse for war against Pakistan, so that the increasing opposition against her within the country can be suppressed and she can gain an opportunity to prolong and solidify her leadership.

Although the series of presumptions about the Indian attack on the atomic installations of Pakistan has continued for some time, and Senator Cranston's hostile campaign against Pakistan can also be seen as another link in this wicked chain, nevertheless since the basic objective of these presumptions is to smooth the way for an attack on Pakistan's atomic installations and to create conditions favorable for such an aggressive action, Pakistan, in this regard, should make arrangements to be more cautious and prepared, vigilant and ready. Along with the defense of its borders, it should make full arrangements for the total safety of its atomic installations as well. It should make it clear if Pakistan's atomic installations are attacked, India's atomic installations will also be instantly in danger of being the target of a severe and retaliatory attack. One of the basic standards of a defensive stability is that the enemy should know that his attack will be met with strong retaliation.

9779
CSO: 4656/215

PROMINENT EDITOR INTERVIEWED ON POLITICAL SITUATION

East Burnham ARABIA-THE ISLAMIC WORLD REVIEW in English Sep 84 pp 30-31

[Text]

Muhammed Salahuddin is the chief editor of the Urdu weekly *Takbir*, published from Karachi. He served as the chief editor of the Urdu daily *Jassarat* for more than 10 years and resigned after differences with the Jamaat-i-Islami. He spoke to Arabia about the present political situation in Pakistan

Q How do you assess the present political situation in Pakistan?

Political parties are in a real dilemma. In the analysis of the present regime, if elections are held on party lines, groups supporting secessionists may sweep the polls. Anti-Islamic elements have become very active. They have the support of the powerful Indo-Soviet lobby. The government is aware of the intentions of anti-Islamic groups. The government thinks that if these elements come to power the ideological identity of Pakistan might be changed.

If the issue is confined to the maintenance of Pakistan's ideological identity then many political parties, including the People's Party, have assured that they would reinforce the 1973 constitution which gives Pakistan a de jure Islamic identity . . .

The People's Party has undergone two changes since 1977 when it was ousted from government. The first change has

occurred in the attitude and character of the party and the second in the leadership. This party has made it known that it would take revenge on those who are against it, and has prepared a hit list. Some of its members are openly advocating violence as a means to achieve power.

The present leadership of the party is in the hands of those who are incapable of running the affairs of the country properly. They cannot withstand any outside political pressure. Moreover, their commitment to democracy is itself questionable. They talk of the restoration of democracy in the country but they deny their party members all democratic rights.

There are suggestions that the People's Party and the Jamaat-i-Islami should come together to fight against the regime. What do you say about these proposals?

These proposals were first discussed by the parties two years ago. The Jamaat was asked to join the Movement for the Restoration of Democracy. The offer was made by People's Party General Secretary Farooq Leghari, but this alliance could not take place. The People's Party is not interested in changing the system. It can compromise with anyone willing to hand over the power to its leadership. The Jamaat on the other hand wants to change the system. Any future talks about forming some sort of alliance between the Jamaat and the PPP should take this into account.

The present military regime claims to be Islamic but this does not stop it taking strong action against the Islami Jamaat Tulba. What is your comment?

It is a well-known fact that if the army

comes to power it tries to break and scatter all political parties. Pakistan is no exception. I think the student community should have shown some restraint in their reaction against the government decision to ban their organisations and unions.

The present regime has prepared a detailed report on the existence of political parties in Pakistan which says that in an Islamic state there is no place for political parties. President Zia believes that Islam can be implemented by pious and noble people elected on their character. In Zia's opinion political parties are not necessary for the Islamisation of the country.

Does that mean that even if certain Islamic elements are elected under Zia's new electoral system they will have no real power?

Yes — but President Zia says that at this stage he wants to establish political institutions without political parties. These political institutions can decide whether parties are inevitable for the maintenance of the Islamic system in Pakistan.

Do you think that the military regime has the right and is capable of creating appropriate political institutions? Is Zia not arguing that he is indispensable for Pakistan and that people should institutionalise him as head of state?

President Zia thinks that the army should participate in any future political system of Pakistan. According to the Ansari Commission report, only a member of parliament can become head of state. Will Zia contest the elections or will he organise a referendum to continue as head of state? This will become clear in the near future.

Is Zia sincere in his promise of holding

elections in 1985?

Yes. Undoubtedly.

Where will the present conflict between political parties and Zia lead?

I don't think that the conflict will be prolonged. There was a phase when the president was doubtful about the successful implementation of the proposed system of elections, but now he is certain that he will get the people's support. The last two elections held for local self-government have proved that people were not averse to the system. President Zia is confident that in the general elections held on non-party lines people will participate in great numbers.

Will Pakistan achieve political stability under this new system?

It all depends on how the newly-created institutions function. Zia argues that conditions laid down for candidates to contest elections will benefit Islamic parties only.

Why has Zia's Islamisation model failed to produce positive effects in Pakistan?

Islamisation is being carried out by a non-political government. An army general has used his personal initiative to Islamise the country. His failure in implementing the Islamisation model is that he has tried to do it through orders. You need a cadre to implement your programme — bureaucracy cannot participate in any social change unless it is trained for that purpose.

Some people say that you are pro-Zia. What is your comment?

I am not against Zia as an individual, but I don't like the system which he heads. Compared with Bhutto, I find him a better person.

BANK ISLAMIZATION TERMED 'PHONEY'

East Burnham ARABIA-THE ISLAMIC WORLD REVIEW in English Sep 84 pp 48-49

[Text] *Islamic Finance received this report from one of Pakistan's most senior banking officials. He has asked to remain anonymous*

 The Pakistan federal budget for 1984-85 outlines a plan for the Islamisation of the entire banking system within 15 months. From January 1985 all new bank financing to government, public sector companies as well as public and private sector joint stock companies will be entirely on the basis of Islamic modes of financing. The provisions will cover the agricultural sector, including the cooperative credit system.

While the banks have been allowed to use both Islamic and interest-based modes of financing in the transitional period from July 1984 until July 1985, they would not be allowed to renew any existing limit or give new limits on an interest basis for a period exceeding six months. This transitional period, in the words of Finance Minister Ghulam Ishaq Khan is necessary "to bring about required changes in the relevant laws, to develop appropriate accounting systems and forms and for the banks to train their staff and make other preparations."

The same directive requires the central bank to convert before July 1985 its transactions with commercial banks and government to new modes of financing. It has also given powers to the central bank to regulate maximum or minimum rates of "profit" chargeable by banks in trade related and investment type transactions. July 1, 1985 is also the deadline for banks to stop accepting any interest bearing deposits. From that date all savings and

term deposits will be on a profit and loss sharing basis and current account deposits will not be entitled to return as at present, it being treated as "Amanat."

In the past four years the Pakistan government has taken a number of steps towards laying the infrastructure of Islamic finance. These included efforts to introduce to the public the option to deposit money in profit and loss sharing (PLS) accounts, and for using these funds it introduced the techniques of Mudaraba, Participation Term Certificates (PTC), Musharaka, mark-up, hire purchase and leasing. Besides, operations of non-bank financial institutions have been switched over to a PLS basis to the extent of share market operations.

These efforts are essentially exploratory, and it is unrealistic to assume that a workable system has emerged. It is incorrect to assume that total conversion can take place on the basis of these techniques alone. For instance, the operational aspects of mark-up in price is a technique that is not adequate to meet the full working capital requirements of present day trade and industry. Minor modifications in some existing laws and a rearrangement of liabilities and assets, cannot produce a workable framework for replacing a system that has developed over centuries. As the road to total conversion of the present system is long and difficult, it will take quite some time before these efforts assume the shape of a workable system.

It is understandable that the liabilities side of a bank's balance sheet, particularly deposits, can be easily converted from the basis of interest to the basis of PLS. PLS counters, in the five nationalised commercial banks, have been accepting PLS savings and term deposits since January 1981 and now there are some Rs20bn in deposit

accounts with PLS, about one fifth of the total bank deposits in Pakistan.

The success of the scheme may be ascribed to the fact that the central bank issued regulations in December 1980 stipulating that foodgrain and commodity operations of the government and its trade bodies and purchase of export bills negotiated under L/C formerly conducted on an interest basis should be converted to a mark-up basis with regulated rates of return to facilitate the operation of the PLS account system and to provide for a secure investment outlet.

The point to remember is that most PLS deposits are in the nature of transfer of funds towards higher return. Aided by huge government deposits banks are able to pay shared-risk PLS depositors a return on savings accounts of up to 8.5 per cent, a full percentage point higher than standard interest generating accounts. The critics are saying that the response to PLS accounts has been more for higher returns than for the rejection of interest-bearing accounts.

The method that is being followed by banks for announcing rates of return on PLS deposits is also too simple and rudimentary. Presently the entire deposits of a nationalised bank held in PLS savings accounts and PLS term deposits of different maturities form one common pool of investible funds. The total income earned by the bank from investments of its entire PLS deposit is lumped together and then distributed among all PLS depositors, with a weighting in favour of long term depositors.

Another moot point in this context that needs more probing is that the flow of money towards speculative prize bond schemes has been far greater in the past three years than towards PLS schemes. Now that all bank deposits will be converted into PLS, there is little doubt that return on PLS deposit accounts will fall eventually. In case of small savings schemes also, where the total amount goes to Government Account and is used up in meeting non-productive government expenditure no definite rate of return can be ascertained. No decisions have been taken about how to Islamise the interest bearing national savings — efforts are made to link these with some growth indicators plus the rate of inflation.

The continuance of the prize bond scheme and the increasing governmental reliance on interest-based schemes is indicative of its faith in collecting funds from whatever channel possible regardless of

social consequences and doubtful moral overtones.

When we look at the investment side of PLS funds in the past few years we find that negligible progress has been made in that direction. Modaraba was first used by Bankers Equity Ltd (BEL) in 1981 for financing the construction and sale of a housing complex. The unofficial version is that the project had eventually to be bailed out by banks and the National Investment Trust. The official view is that Modarab was successfully completed and a profit of 30.05 per cent was distributed to Modaraba Certificate holders. Since then nothing has been heard about the registration of new Modarabas. The central bank, however, has clarified on November 2, 1982 that banks can also invest their PLS deposits in Modaraba certificates.

With effect from July 1, 1982, the central bank allowed the banks to adopt techniques of Musharaka, leasing and hire-purchase on a selective basis but only Rs 700m worth of Musharaka (which are temporary partnership schemes under which banks and sponsors share in profit and loss generated by the working capital supplied by each) agreements have been concluded up to early 1984.

As regards leasing schemes, under which banks have been allowed to provide finance for meeting the fixed capital investment need of their industrial customers, no headway has been made as it requires a lot of expertise which banks are said to lack. Thus while the option to borrow under interest-bearing or profit sharing financial instruments had been there for the past few years Islamic instruments have not been developed or employed by the private sector.

There may be a number of plausible reasons for this. It may be that borrowers have been reluctant to enter into any agreement with banks under the new modes of financing which provide the latter an inlet in their sponsor's management and account books. The Participation Term Certificate (PTC) scheme had actually been opposed by the private sector on the grounds that it envisages not only appointment of directors to the company boards but in the event of continuous default within terms of PTC agreements, banks will have the right to take over management of enterprises. Businessmen fear the scheme would reduce every single private enterprise to a state undertaking and the entrepreneur would be just a manager running the concern for as long as it suited the interests of

the majority equity holders. For enforcing the PTC the private sector wanted the setting up of banks and investment companies in the private sector. Musharaka was also opposed on the same grounds because at present banks and financial institutions are all in the public sector and borrowing by them on a partnership basis would invariably lead to increased government control.

The experience of the past four years has shown that strategic planning of the current interest-based banking system in Pakistan had been woefully naive and insufficient. But now that the finance minister has withdrawn, from January 1, 1985, all options, businessmen will be forced to borrow from banks on a PLS basis and nationalised commercial banks will be under heavy pressure to develop expertise in project evaluation.

Pakistan banks have been lagging behind in this. Foreign banks, on the other hand, do have some project evaluation expertise as their major lendings are to the trading and corporate sectors. But the new regulation is not going to disturb their lending on interest bearing as donor agencies contracts restrict the terms of lending.

The one salient conceptual challenge to banks in Pakistan today is how to apply the rules of the new game in their day-to-day operations. Preparations for switching over within 15 months being in train, the organisational placement of staff,

leadership of the new programme and acceptance of the final plan by foreign banks will demonstrate whether banks are truly committed to the process of Islamising banking or whether they are just paying lip service.

In the context of the sharply deteriorating standards of service and integrity in nationalised banks, high hopes that the entire environment will readjust itself merely because all bank transactions henceforth would be classified under Islamic labels would be unrealistic. The prevailing climate suggests that banks and borrowers will not be able to meet on common ground. While there has been verbal rhetoric on the adoption of interest-less banking policy, the essential preconditions for encouraging such types of business has not been created.

Making patchwork technical adjustments to enable the conventional system to operate under the label of Islamic finance would disrupt the smooth working of the existing system. In order to create the preconditions for Islamic banking to take root and prosper in a natural way it is essential to change the environment by inculcating Islamic values in the people and the society so that the people themselves willingly accept the responsibilities it brings with it. This needs far reaching changes in tax law, company law, banking law, administrative law so as to provide an integrated legal framework.

CSO: 4600/30

ANALYSIS SAYS NATION UNITY IMPERATIVE

Islamabad THE MUSLIM in English 5 Oct 84 Magazine p 1

[Article by S. S. Jafri: "Need for National Compact"]

[Text]

It is a matter of some surprise that despite the clarification by the President of Pakistan that now there is no ban on airing of political views in the media, provided there was no attempt to damage national harmony and denigrate major steps being taken towards creating an Islamic social and economic framework in Pakistan, political leaders and leaders of public opinion have chosen to maintain complete silence. We are coming close to national elections under whatever dispensation the President may ultimately decide and the present writer feels that the conspiracy of silence as at present obtaining will do immense harm to the nation when the lid is finally lifted. This article is an attempt to draw the attention of the nation to problems which need to be aired, debated and sorted out irrespective of the political framework which will follow the promised elections and the lifting of Martial Law in due course.

QUOTA SYSTEM

Just before political statements were banned in the media, Main Tufail Mohammad, Amir of defunct Jamaat-e-Islami, had observed that "those who said that the present

Government had no right to amend the 1973 Constitution were silent on the extension of the Quota System for ten years, which amounted to amendment in the Constitution." Therein hangs a tale.

If the present Government had hoped that the re-introduction (according to the constitution, the quota system lapsed after ten years of the introduction of the 1973 constitution) would be hailed by public opinion in Sind, they must have been sadly disappointed by the fact that not a single voice had been raised in support of the decision. Dr. Hameeda Khuhro, who has lately claimed to voice the extremist opinion in Sind, has said in no uncertain terms that this decision in no way meets the demands and has failed to appease public opinion in Sind and indeed that it was not needed as it has started a new debate. Makhdoom Talibul Moula, who is the leader of a recognised major political party, in a recent interview came out with the refreshing statement that the quota system is no solution to the problems of Sindhi youth: all those living in Sind should be treated as equal Sindhis. Even the former Governor of Baluchistan, General Rahimuddin publicly remarked that the quota system was "harmful to students". On the other hand, there is little doubt that the decision has provided a set back to the efforts made by the Sind Unity Board of Shah Ahmad Noorani and the Pakistan Cultural Council in bringing about better cohesion between different sections of people living in Sind. Indeed Maulana Shah Ahmad Noorani has stated that it would do no good to the rural population in Sind. It seems to have been forgotten that howsoever desirable a particular measure may

be to remove the grievances of a section of the people, it does not lead to national cohesion if another section feels that it is detrimental to their interests. Mr. Musheer Ahmed Pesh Imam of the defunct Tehrik-e-Istiqlal and Mr. Mahmoodul Haq Usmani of the Sind Unity Board have both emphasised that this is a constitutional issue and should have been left to discussion and decision by the new legislature when it comes into being. That even those like the defunct Jamaat-e-Islami who are not averse to amendments in the 1973 Constitution and would gladly accept amendments like those relating to separate electorates and proportional representations or even amendments prescribed to lay down standards of piety for eligibility of candidates for legislature have found it necessary to emphasise the constitutional constraints. All this has made it clear that if the removal of a 'sense of deprivation' amongst the rural population in Sind was the main objective, better dividends would have been achieved by accepting the recommendation of the Pakistan Cultural Council that the death anniversary of Shah Abdul Latif Bhittai be observed as a national holiday. Even a simple administrative measure like providing air links to Hyderabad by PIA, for which there is an unassailable case, would have given greater satisfaction.

It has been stated that the population of Karachi has increased manifold since its quota of 2 per cent was laid down. It is at least 5.83 million -- based on census figures -- though widely believed to be in fact 7 million. Indeed, the whole complexion of the population in Sind and Karachi's position has undergone transformation. Of the total

population of 11.8 million in Sind, according to the 1981 census Karachi has a population of 5.1 million. According to the 1981 census Sind has an urban population of 43.4% (against 26% in the Punjab). Sind at the time had only one Divisional Headquarter namely Hyderabad, then Khairpur/Sukkur were also made Divisional Headquarters, Larkana Division was created and then abolished. Clearly no consideration seems to have been given to these demographic and administrative changes.

Pakistanis by choice and Pakistanis by birth (whether by choice or despite it) should own allegiance to the place where they have settled down, irrespective of whether the present provincial boundaries are maintained or new divisions are effected, every citizen has to owe allegiance within the national identity to the language, culture, customs and economic and social environment of the place where he is settled. In any case, two or three generations have grown up since mass migration took place and there is not justification whatsoever for any section to feel or demand rights claiming a separate entity or to demonstrate a separate identity. One may or may not agree with Professor Ghulam Mustafa Shah's views but it is difficult to disagree with his observations "that this country has reached a state of socio-logical constraints and stresses in which it has to be handled with care, wisdom, love and tenderness."

PUNJABIAT

The fact that all kinds of voices are being raised, that all kinds of malaise are being attributed to the national body politic, that all kind of diagnosis are being made and all kinds of solutions are being propounded, makes it necessary for all patriotic citizens to contribute their mite to the fundamental elements which should be adequately "integrated into the matrix of Pakistani nationhood."

Mian Mumtaz Daultana, who in his young days was in the front rank of those stalwarts who created Pakistan, recently lamented that Punjabis lacked 'Punjabi'. One would have expected him to state this claim with pride and not with remorse. One is reminded of the recent Conference of World Punjabi Language Writers in India which spent two days to re-discover the traits and the attributes of Punjabis, in other words to define 'Punjabi'. There the view also prevailed that Punjabis - at times lauded, at times denigrated, being buffeted by political storms - have lost their moorings.

A recent joke brings out the basic issue when a friend from the Punjab was asked, "How is Punjab?", and he answered, "Kanak (wheat) is good, industry on top, but there are too many Punjabis in the province." On the one hand, my contemporary in the ICS, Masud Khadar Posh, in a letter to a national paper mentioned the "cultural crisis in the Punjab arising out of inferiority complex." He is the strongest advocate of spurning Urdu in daily life and using only the regional languages. A Punjabi writer under the pseudonym Janus in a Karachi paper has described the Punjabi character as one of "passivity, sycophancy, femininity, lack of a sense of honour and a deep sense of guilt." Another Punjabi writer writing under the name 'Zeno' had spoken of Punjabi-baiting and in an article in a national newspaper had stated that "the real crime of the Punjabis is that they are the most numerous national group in Pakistan." On the other hand, Khwaja Mohammad Safdar, Speaker of the Majlis-e-Shoora, gave a long list of Punjabi "sacrifices" in services, industry, agriculture etc., for the sake of other provinces.

Khwaja Mohammad Safdar has advocated the need for additional revenues to provinces and has said that the subjects Food and Agriculture, Education and Industry should be given entirely to the domain of the provinces. Mr. Khurshid Kasuri, Information Secretary of the defunct T.I. has advocated "true federalism." Mian Mumtaz Daultana has urged that the people of the Punjab "should come forward immediately to hold out assurances to their brethren in other parts of the country that they recognise the latter's problems." Malik Amjad Hussain and Mr. Mahmood Mirza of the Pakistan Society have taken pains to understand, analyse and support the redressal of the grievances of the people of Sind. Mr. Haneef Ramay has stated that "instead of outright condemnation of those who are now talking of federation, people who are responsible for creating conditions which have forced them to talk like that should be taken to task." These are words of sanity.

GREAT TRADEGY

At the same time, the claims are being made in some quarters that the original Pakistan Resolution talked of 'states' and therefore the present provinces should be made autonomous. These claims cannot just be brushed aside. It should be possible to convince the protagonists of this argument by reminding them that not only was

this kind of language used by the late Shaikh Mujibur Rehman in his Six Points but it ignores the entire political developments since the Pakistan Resolution of 23rd March, 1940. Indeed Mian Khurshid Kasuri has done well to quote from the "Great Tradegy" in which the late Prime Minister had debunked this argument. The whole trouble arises from the fact that not only during the One Unit but also throughout Pakistan's chequered history, not excluding the period of PPP rule, Pakistan has virtually been administered as a 'Unitary State' with centripetal tendencies. The real issue can be debated and can be well understood if an exchange of views takes place in an atmosphere shorn of emotions. Indeed, the reported demand of Mr. Mumtaz Ali Bhutto for confederation also needs to be analysed. The only objectionable feature cutting at the root of federalism is the demand that powers of taxation should lie only in the states. Bereft of this, the demand concedes that Foreign Affairs, Currency, Inter-State and International Negotiations, Economic Coordination, Arbitration in Disputes between 'states' should belong to the Centre. The Office of 'Head of State' should rotate among the states. The Central Cabinet may be called 'Council of Common Interests'. There should be a Supreme Confederal Court. If the interests of all sections of people living in the Provinces (states' being the term used in Indian Union with a strong Central Government) could be assured, there is no reason why consensus cannot be reached even on this line of thinking between leaders of public opinion from different parts of Pakistan because devoid of hyperbole it is a demand for provinces being given the kind of autonomy envisaged in the 1973 Constitution.

It is also necessary to note that there is a strong section of opinion believing that true federalism cannot emerge in Pakistan with one province being equal to the rest of the country and the four provinces having such disparate status. Mir Nabi Baksh Zehri has advocated that 12 provinces should be created, four out of the present Punjab, three out of the present Sind, two out of the present NWFP, two out of the present Baluchistan and one out of the present Federal Capital. The Constitution Commission of Maulana Zafar Ahmed Ansari has advocated that "in view of special conditions in Pakistan, the number of provinces be so raised that the present provinces be first divided into equal number of divisions and these divisions be given provincial status. . . with the right to equal representation for each in the Senate."

SMALLER SIZE

Others have suggested that the present divisions, such as they are, may be given provincial status. On the one hand, those subscribing to this view feel that this is the only way to balance the federal structure, to stem the tide of parochialism and to ensure that grass-root developments take place all over Pakistan, removing the "sense of deprivation" from every part of Pakistan or in whichever section of people this feeling may be present. The demand for creation of a Seraiki Province comprising Bahawalpur, D.G. Khan, parts of Multan, D.I. Khan and Sukkur has often been repeated. It has been argued that the present geographical boundaries, except the merger of Bahawalpur in the Punjab, are the creation of colonial rulers and, if for example, Sukkur or Jacobabad had been made part of Baluchistan or Punjab by the British rulers, the position would have been accepted even today.

We talk of lower Sind and upper Sind. However, it has to be conceded that this matter is closely linked with the psyche of the people inhabiting the present boundaries, but by the same token; it cannot be treated as sacrosanct and the whole issue can be examined objectively in an environment free from misgivings, misunderstanding and suspicion. From the point of view of creating objective condi-

tions for Pakistani nationhood, these suggestions deserve examination, not in order to eliminate the so-called demand for 'nationalities' but in order to provide a balanced framework of small units for closer integration and closer attention to need of economic development.

There can be no manner of doubt that these sentiments and emotions having come out in the open cannot now be swept under the carpet. Indeed, feelings and sentiments can seldom be rationalised or assuaged by dialectical arguments. The present writer who is not a politician and is only concerned with national integration, cohesion, unity and development would venture to appeal to the leaders of public opinion in all parts of Pakistan that consensus on the issues of provincial boundaries, provincial autonomy, parity, role of Federal Government, the status of regional languages, while retaining Urdu as the national language and promotion of regional culture must be evolved before provincial and national elections are held, otherwise there is grave apprehension that irrespective of whether elections are held on a party or non-party basis, a Pandora's box will be opened and seeds of discord will be sown which the future Assembly may not find easy to deal with. This is not a plea for postponing elections nor for a mendment to the 1973 Constitution, this is a plea for a national compact at this critical juncture.

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PAKISTAN

BRIEFS

LEADER URGES POLITICAL DIALOGUE--Lahore, Sept 30--Mr Mohammad Hanif Ramay, President, defunct Pakistan Musawat Party, has urged the government to initiate a dialogue with political parties. In a statement here, Mr Ramay underlined the necessity of elections but added that integrity of the country was the foremost. Mr Ramay suggested the Government to take the nation into confidence on the border incidents. At least, he added, the Government should convene a meeting of all political leaders and brief them about the real situation. [Text] [Karachi DAWN in English 1 Oct 84 p 2]

MINISTER INAUGURATES OIL WELL--Punjirpir (Shorekot), Oct 2--Dr Mohammad Asad Khan, Minister in charge of Petroleum and Natural Resources, spudded-in today Punjpir Well number 1 which have been stated to have good prospects for the discovery of oil and gas in the area. The oil project has been undertaken by Oil and Gas Development Corporation (OGDC). The OGDC met with first success in the area with the discovery of gas at Nadpur, about 17 k.m. south of Punjpir. The drilling of the well was expected to be completed in 45 days. The rig is entirely manned by Pakistan crew.--APP [Text] [Karach DAWN Business Supplement in English 3 Oct 84 p I]

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